



UK nuclear power Should it be privatised?



Cohesion in practice ls European structural aid money well spent?



Henri Emmanuelli Seat-warmer or socialist contender

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# FINANCIAL TIM

TUESDAY JUNE 21 1994

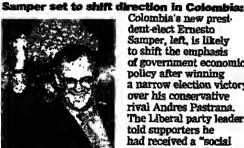
## **Mediobanca holds** over \$940m rights issue

Europe's Business Newspaper

Mediobanca, merchant bank at the heart of Italian finance and industry, was last night forced to mance and industry, was last night forced to postpone its 1.1,500hn (\$940m) rights issue after its share price fell by nearly 5 per cent in a day. The bank said it would "define a new timetable for the operation in the light of market developments". Page 19; World stocks, Page 40

Mazda-Ford talks: Mazda, Japanese carmaker said negotiations had resumed after a year's break on possible European co-operation with US carmaker Ford. Page 18

Philip Morris chairman and chief executive Michael Miles has quit and been been replaced by two fellow-executives after his plan to solit the US company into separate food and tobacco companies was rejected. Page 19; Lex. Page 18



Colombia's new prestdent-elect Ernesto Samper, left, is likely to shift the emphasis of government economic policy after winning a narrow election victory over his conservative rival Andres Pastrana. The Liberal party leader told supporters he had received a "social mandate" - a reference

to the priority he gave to increasing social invest-ment. Page 6

S Korea sets out summit move: South Korea proposed a working-level meeting a week today with North Korea as the initial step in arranging the first summit between the leaders of the two countries. Page 18; Seoul signals end to curbs on Hyundai, Page 5

Iran bomb blast kills 25; At least 25 people were reported killed and another 70 injured by a bomb blast at a crowded prayer hall in Mashbad. north-eastern Iran. Page 5

soldiers were killed in south Lebanon in a guerrilla attack on their patrol shortly after Israeli warplanes attacked Hizbollah guerrilla posts.

**Uister Internment hint:** Northern Ireland secretary Sir Patrick Mayhew gave his strongesi hint that the UK government is considering intern-ment without trial as part of its response to the latest upsurge in sectarian violence. Page 8

Bridge Oil battle heats up: The bidding war for Bridge Oil, Australian oil and gas group, intensified as Texas-based Parker & Parsley raised its offer from 70 to 80 cents a share - and was promptly outbid by another US group. Page 19

Challenge to Zantac grows: Canada's Novopharm became the second company to announce it would launch a generic version of the world's best-selling drug, ulcer treatment Zantac, which is made by the UK pharmaceutical company Giaxo. Page 20

Daf compensation: Bank creditors to Daf NV, the Dutch truckmaker which collapsed in 1993, have received nearly 90 per cent of what they were owed and are likely to be compensated

Mitsubishi Oil of Japan announced the discovery of what could be a significant oil find off the coast of Vietnam, Page 4

Former Elders IXL executive Kenneth Jarrett has pleaded guilty to being part of an allegedly fraudulent A\$66.5m (\$48.8m) foreign exchange scheme involving staff of the Australian brewing and agriproducts group. Page 5

TB threat: Soaring death rates in former Soviet bloc nations from a resurgence of tuberculosis could pose a threat to western Europe, World Health Organisation specialists say.

Czech anti-corruption drive: The city of Prague and the Czech police will launch a drive next month to smash widespread bribe-taking in district and local council offices.

Beatles reunited: Former Beatles Paul McCartney, George Harrison and Ringo Starr have made a recording together for the first time since the group broke up 24 years ago, a producer at the group's Apple recording company said.

Wimbledon champion Pete Sampras kicked off this year's chase for a second consecutive title at the tennis championships with a 7-6 7-5 6-3 victory over fellow American Jared Palmer.

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## US judges back California's unitary tax system

Supreme Court rejects challenge on assessing companies' income

By George Graham in Washington and Andrew Jack

The US Supreme Court yesterday rebuffed international pressure to outlaw California's controversial worldwide unitary system for assessing corporate income taxes, dismissing challenges brought by Barclays Bank of the UK and Col-

gate-Palmolive of the US. Californian fiscal experts do not expect the state, which has introduced an opt-out, to force

companies to use the unitary in an opinion written on behalf of wide unitary tax on UK-owned method, but British companies and tax professionals were con-

cerned that the decision could prompt other US states or other countries to impose the system. Under unitary assessment, tax is calculated on a proportion of a company's worldwide income instead of only on income earned in the state.

Justice Ruth Bader Ginsburg.

the 7-2 majority, said Barclays had not demonstrated that the tax discriminated against foreign commerce, nor that it imposed an undue compliance hurden.

Mr Kenneth Clarke, the UK chancellor of the exchequer, said last night he was "disappointed" by the decision. "The government has always strongly opposed the imposition of world-

companies and supported Barclays throughout this litigation Mr Clarke warned that the UK would retain its retaliatory powers in case the US took any legislative steps that might harm UK

The ruling embraced two actions, one hy Barclays and another by Colgate-Palmolive, pany, which challenged an ear-lier ruling that the unitary method could also be applied to US companies.

Barclays, which has waged a 17-year legal battle against the unitary tax system, expressed disappointment at the decision hut said it was still "chewing over" the "very long and very detailed" text of the judgment. The ruling comes as a huge

relief to California which is in the middle of one of its perennial hudget crises and had counted on a favourable decision. Although tax officials expect that only about \$500m will actually be collected, the ruling also means Cal-ifornia will not have to refund \$1.4bn it has already taken in unitary taxes.

Although this conflicts with

Continued on Page 18 UK reaction marked by frustration, Page 7

## Inflation and rate fears prompt hammering for stocks and bonds

# World markets fall sharply

By Philip Coggan, Economics Correspondent, in London

World bond and stock markets took a hammering yesterday as concern about inflation and the direction of interest rates in the US and Germany continued to upset investors.

Sentiment in Europe and Asia was depressed by falls in the US bond and stock markets on Friday, which were prompted by a rise in the Commodity Research Bureau index and in gold and oil

Those signs of inflationary pressure, allied to a weak dollar, ncreased fears that the US Federal Reserve might be forced to induce a further increase in interest rates.

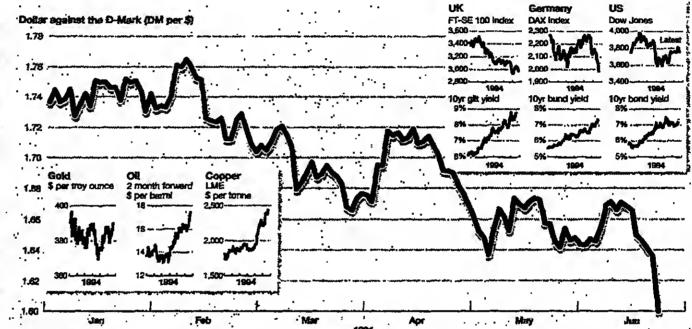
The dollar was weak again yes-

terday, falling to DM1.5986 in London, down over a plennig on yesterday's opening and three fennigs lower than its closing level in London on Friday. Against the yen, the dollar fell in London to Y101.970 from Friday's

Analysts said that no single day's bond and equity declines. "It's like Chinese water torture," said Mr Edmond Warner, head of strategy and economics at Kleinwort Benson. "A drip, drip of poor sentiment has accumulated to wear down the markets."

Asian stock markets set the tone for the day with the Nikkei 225 index in Tokyo falling 351.27 points to 21,152.03, and in Hong Kong, the Hang Seng index dropped 115.78 points to

In Europe, the German stock market suffered most with the DAX index plunging 81.9 points, or nearly 4 per cent, to close at 1,968.82. Shares in Italy also fell by 3.9 per cent and in Amsterdam, a 2.5 per cent drop left the AEX index at 382.84, a low for the



International bonds ....Page 25 Commodities \_ London shares ......Page 29 World stock markets Page 40

chant bank, postponed its

Page 18 ...Page 28

L1,500bn (\$935.74m) rights issue after its share price fell by nearly The pan-European Eurotrack

100 index closed 41.97 points lower at 1,308.37, a fall of 3.1 per In London, the FT-SE 100 fell 85.3 points to 2,937.6 at the day's low but recovered part of its losses to close at 2,971.1, down

Wall Street also opened lower

and by 1pm local time the Dow Jones Industrial Average was down 30.13 at 3,748.15, after a 34 point decline on Friday.

Despite a rally in the afternoon, European bond markets also had a bad day with UK, German and French bonds all falling by more than three-quarters of a

Yesterday's declines in stock and bond markets come towards the end of a half year which has seen little but bad news for holders of paper assets. US economic strength, allied to signs of recovery in Europe, have turned investors' attention towards physical

assets such as copper. With commodity prices rising, bond markets round the world have been hit by inflationary fears and by worries about the supply of bond issues both from governments and the private sector. Equity markets, which had risen alongside bonds in 1993, have fallen with them in

Analysts said some investors would he cutting their losses ahead of the half-yearly portfolio valuations at the end of June, so they could make a fresh start in

the second half of the year. Many investors entered 1993 in optimistic mood about the prospect for lower interest rates

around the world. But first the Federal Reserve

prompted a rise in US interest rates in February and then the mood changed about the likely direction of German rates. "At the start of this year, the consensus was that German rates would fall and keep on falling into 1995," said Mr Peter Lyon.

chief strategist at Smith New Now signs of economic recov ery and still high money supply growth mean many analysts think German interest rates have reached a low, causing investors to favour the D-Mark over the

## **Battle** over steel subsidies to go to EU court

By Andrew Bætter in London and

British Steel yesterday raised the stakes in its battle against state subsidies to its continental European rivals by announcing it plans to begin legal action later this week against the Enropean

The company will ask the European Court to annul the Commission's anthorisation of further state subsidies to two steelmakers, Ilva of Italy and CSI of Spain. The two companies received the lion's share of Ecn7bn (\$8.1bn) of aid approved by European Union industry ministers in December and authorised by the Commission in

The move by British Steel steps up the pressure on the Commission, which has been widely criticised by unsubsidised that do not adhere to the strict rules of the steel aid code, part of the European Coal and Steel Community treaty.

Earlier this month, the European Independent Steel Works Association, which represents privately owned, independent steel producers, said it was also taking the Commission to the court over subsidies to state-

Continued on Page 18 Lex. Page 18 British Steel lifts payout, Page 19 High-speed steels group rolls towards flotation, Page 21

# European businesses urge

By Lionel Barber in Brussels

Europe's political leaders before this week's EU summit in Corfu, Unice, the employers federation, appealed to governments to set targets for cuts in public spending as a proportion of GDP and to take steps to reorganise the welfare state.

The Unica report, Making Europe More Competitive -Towards World Class Performance, is the most detailed response by business to the white the European Commission.

sions. That would provide a "basic" state pension for every-

one who has worked, with an individuals.

ing tougher eligibility criteria. Reducing the costs of sickness and disablement benefits, with responsibility for additional insurance transferred from the public sector to companies and individuals. In addition, the report calls for

labour markets through reduclowering the costs of employing people, and reducing the cost of protection against dismissal. Unice also wants small business to be freed of bureaucratic regulation, both from Brussels and national capitals.

Mr Zgymunt Tyszkiewicz Unice secretary-general, acknowledged that the recommendations implied a Europe moving towards US-style deregulation at the very moment when the Clinton administration was looking to the European social model for inspiration. He said: "We are both trying to learn from each other. We need adjustment on both sides," he

Mr Perigot said Unice was not advocating the dismantling of the welfare state - rather, it was urging political leaders to pronies and individuals to reduce their reliance on the state. There most also he "adequate" protec tion for the employed, and support for the low-paid and unem-

Editorial Comment, Page 17

CONTENTS Int. Cap Mits

# state sell-offs to boost jobs

European business leaders called yesterday for a sweeping over-haul of the public sector, includ-ing privatisation of postal services, telecommunications, energy and transport, in order to increase competitiveness and tackle Europe's unemployment

In a move aimed at lobbying

Mr François Perigot, the leading French industrialist and newly appointed Unice president, said it was time to reduce the burden of the state on business and roll back the public sector. We have kept our eyes closed for 20 years. We can't go on like

paper on competitiveness, jobs

and growth launched last year by Mr Jacques Delors, president of

The report sets out several areas for action to shrink the public sector through deregulation and privatisation so that Europe can compete more effectively with the US and Reducing the cost of health

care through the introduction of new "market type" mechanisms to match supply more closely to demand. That would involve bringing private companies into the health care market. · Trimming the costs of pen-

optional complementary pension financed by companies and/or Reducing the costs of unemployment benefits by limiting the period of entitlement and enforc-

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micro-seconds); and about our intelligent people (they're just litching to show off their skills). Finally, we'll offer you a super-generous financial package that's extra-hard to refuse. Send us your trusiness card, or call 0800 838888 now it'll help improve your business environment

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## **EU risks Brussels** presidency deadlock

Fears were growing last night that this week's European summit in Corfu will be unable to break the deadlock over the succession to Mr Jacques Delors as president of the European Commission.

A stalemate risks putting Europe's political leaders on a collision course with the new European Parliament which bad hoped to scrutinise the choice of Commission president at its opening session

next month. It would also be a sharp diplomatic setback for the outgo ing Greek presidency of the

Prospects of a deadlock have increased in recent days as Mr Ruud Lubbers, the Dutch prime minister and one-time favourite, has refused to bow to Franco-German pressure in favour of Mr Jean-Luc Dehaene, the Belgian prima minister, who formally entered the race last Friday.

Germany, which takes over the presidency of the EU on July 1, now appears to take a relaxed view of the danger of reaching a deadlock on issue at

Senior German government officials now believe such an ontcome may be inevitable, having to call an emergency

This would probably take place in the early autumn. "The federal government

hopes that (the summit) succeeds in deciding the question," Mr Dieter Vogel, the German government spokesman. "If not, we will have to do it

later. It is important that we decide this soon." Senior diplomats in Brussels, Madrid and London agreed that it was unlikely that Greece would be able to broker a compromise during the Corfu meeting. Mr John Major, the UK prime minister, was also said

to be unwilling to drop Sir Leon Brittan, chief EU trade negotiator, in favour of Mr

Mr Antonio Martino, the Italian foreign minister, who was in Bonn yesterday for talks with Mr Klaus Kinkel, his German counterpart, also said later that he thought a deadlock on the Commission presidency was probable. He did not think it would be

"a great drama" if a special summit had to be called to decide on the presidency in the

The German government has hitherto expressed concern correctly by the member states the European parliamant,

through s parliamentary vetting and approval proce-This would mean not only submitting the candidacy of the president at the earliest possible opportunity, but also the names of his

which intends to put the future

Commission president, and his

individual commissioners.

For Germany in particular, with a general election in October, it is politically difficult to finalise the names of commissioners at an earlier date.

The proposed solution was to nominate one from Mr Kohl's Christian Democratic Union, and one from the opposition Social Democratic party, to ensure a balance whichever party wins the German

Thus the prospect of dead-lock in Corfu, and a special EU summit in Germany in September, could have a twin advantage for Chancellor Kohl. It would provide him with an additional opportunity to play the international statesman

before the Germans go to the polls on October 16. It also would mean that a decision on the German commissioners might reasonably be left until the election result

# Germany spells out Europe vision

The European Union must take another big step in 1996 towards a federal future, under strict democratic control, and with clearly defined powers, a top-level German think-tank urged yesterday.

It set out an agenda for the inter-governmental conference which is intended to comple the work of the Maastricht treaty, and lay the foundations for an expansion of the EU to include member states in cen-tral and eastern Europe.

In a report which reflects widespread thinking at the highest levels of the German government, the group spelt out proposals for a bi-cameral system which would put the European parliament and the European council of ministers

on an equal footing. Such an idea would almost certainly pit the German gov-ernment against the UK and France, which have strenuously resisted any effort to give the European parliament equal powers to the council. At the same time the report

called for precise definition of the competences which should be exercised at European level, and those which should be maintained by national governments, in an effort to curb the process towards centralisation in the Union.

The experts involved in the report include Mr Joachim Bitterlich, who is Chancellor Helmut Kohl's personal adviser on

treaty on European union drained him.

He has shown more interest lately in a

retirement devoted to intellectual pur-

Mr Dieter Schulte, the new chairman of the German trade union federation - pictured right - met yesterday with other European trade union leaders to discuss Germany's forthcoming presidency of the European Union, writes Quantin Peel in Bonn. Mr Kohl promised that plans for EUwide works' councils in multipriority, along with measures to fight unemployment and

romote faster growth. The union leaders called for promotion of further measures on social protection, including for part-time workers, and to ensure that trade liberalisation was accompanied by pro-visions for better social standards in low-wage cost cerned at Bonn's stress on deregulation and greater flexibility in labour markets as a principal way of creating jobs.

specialist on European affairs, Prof Ernst Benda, former president of the federal constitutional court in Karlsruhe, and Prof Werner Maihofer, former federal interior minister.

Their aim is to start a debate now, on the eve of the German presidency of the EU, and well before the 1996 deadline for the next inter-governmental conference on the EU, which is snpposed to complete the work of the Maastricht



tion both to resolve the conflict between European integration and the preservation of national identity, and to resist the trend to European centralisation, their federal vision seems certain to arouse bostility from anti-federalists, above all in countries such as

Britain, Denmark and France. The self-styled European structural commission, financed by the wealthy and infinential Bertelsmann foundation, says the greatest challic acceptance for a European system, which must be simplified, more transparent, more democratic, and more strictly controlled than hitherto.

The experts admit that the Maastricht treaty underlined the widespread public fear over an excessively centralised and bureaucratic EU. It also represented the high water mark for the transfer of sovereignty to Brussels, they suggest.

"Europe cannot be built against the interests of its nations," they said. "But the opposite is also true: without problem-solving at a European level, national interests cannot be protected."

The authors stop short of any suggestion of a two-speed or multi-speed EU, saying that such a solution would only be necessary only if there was a (enlarged) membership.

It calls for a new single European treaty to combine the existing three-treaty basis of

## Twelve agree policy on foreign workers

By David Gardner in

European Union justice and interior ministers agreed yesterday on a joint approach to keeping foreign workers out of the EU, and that no member state should relax this policy without reference to its part-

At the same time, the ministers shelved discussion on a European Commission prolegally resident in one member state should be able to seek work in other member states, a central Brussels proposal to help integrate foreign workers.

The ministers, operating under the so-called "third pillar" of the Maastricht treaty concerning home and justice affairs - noted that none of the 12 was pursuing an active immigration policy.

Yesterday's move was therefore a first step towards ensuring that all member states were going about barring entry to foreign workers in compati-

ble ways. Mr Louis Tobback, the Belgian interior minister, warned the measure would project an

image of "Fortress Europe" to the world. But Belgium joined its partners in unanimous agreement, confining its reservations to a statement in the

The Luxembourg meeting also voted to go ahead with a feasibility study on setting up

The Belgian interior minister warned the project an image of "Fortress Europe"

a so-called EURODAC network. This is a long-mooted system for finger-printing asylumseekers and suspected illegal immigrants at point of entry. The information would then be states to enable them to detect illegal immigrants travelling inside the supposedly border-

free EU. A contract to study how best to set up the system was awarded yesterday to an international consortium made up of Bossard Consultants, Team Consult, and Organotecnica. Yesterday's restrictions "may not be relaxed by member states in their national legislation", which must conform to them by January 1996, the res-

olution states. There are several exemptions from the harmonisation princi-

These cover nationals of European Free Trade Association countries that are party to the European Economic Area free trade zone which cams into effect this year; refugees and asylum applicants; person-nel transferred within companies operating in the EU; investors; and a range of people covered by "youth exchange" schemes ranging from au pairs to training programmes.

• Mr Jurgen Storbeck was confirmed by yesterday's meeting as the head of the Europol anti-drugs squad, the only unit the Europol cross-border police

so far operating.

The force is being set up by the 12 to combat organised crime within the border-free internal market. The appointment places the German policeman as likely future head of Europol as a whole.

Delors rekindles Elysée ambitions

over to the younger generation."

The resignation of Mr Michel Rocard Mr Jacques Delors, president of the as head of the French Socialist party European Commission, is in two minds about entering the race to succeed Mr changes the picture, Mr Delors has François Mitterrand as president of always made clear that he would not run against Mr Rocard and split the Socialist party. Mr Rocard's defeat in a For at least 12 months, Mr Delors, 68, has disavowed presidential ambitions. vote of confidence at the weekend thus The battle to ratify the Maastricht removes a precondition for an attempt

on the presidency. It does not, however, answer the question of whether Mr Delors really

10 years in the top Commission post in Brussels – period in which be has helped to set the political agenda for the Continent. Those close to Mr Delors believe that be would find it difficult to resist a call from the Left to become presidential candidate, especially if there was no one of stature to challenge either Mr Edouard Balladur, prima minister, or Mr Jacques Chirac, the Gaullist leader, on the Right.

Most likely, Mr Delors would seek to avoid being candidate of the Socialist

ist credentials and fiscal orthodoxy). He would be in a strong position to dictate terms to his party comrades.

One worry is how be would react to a presidential campaign. Mr Delors is notoriously thin-skinned about criticism. No wonder aides were stressing yesterday that Mr Delors would serve ont his final term until January 5, 1995. It keeps him in his Brussels power-base, storing up energy for what would have to be a short, sharp

# French Socialists make left turn

John Ridding reports on the choice of Mr Henri Emmanuelli as the new party leader

r Henri Emmanuelli, a blunt, orthodox socialist, will need all his reputed toughness as he tackles his new task. Elected as provisional leader of the French Socialist party on Sunday, following the resignation of Mr Michel Rocard, he inherits a party deep in crisis, facing an uphill struggle to forge unity and win back dis-

enchanted voters. His election represents a shift to the left by the Social-ists as they seek to rebuild from a hammering in this

month's European elections and to recover in time for next year's presidential election. Mr Rocard, defeated in a vote of confidence which he had called following his party's meagre 14.5 per cent support in the European polls, himself admit-ted that the party suffered from "uncertain political and strategic positions, confirmed isolation, and an absurd means of operation". Mr Emmanuelli's task will

> divisions in the party while it addresses its problems and searches for a credible candi-date for next year's presidential poll. After defeating Mr Dominique Strauss-Kahn, a for-mer industry minister, by 140 votes to 64, Mr Emmanuelli said it was necessary to con-sult with militants in the party to ensure cohesion. "The error of the Socialist party has been that it has been unable to posi tion itself to defend the workers against the threats they face concerning labour protection and social security," ha said, damonstrating his left-wing credentials.

be to try and overcome the

A former president of the National Assembly, the 49-year-old Mr Emmanuelli, started bis career at the Banque d'Edmond de Rothschild in 1969. The deputy for Landes in south-western France has since established a reputation as an uncompromising figure within the Socialist party. "He holds very strong views and is a tough opponent," says one party official. This reputation could com-

plicate his task of steering the



Heuri Emmanuelli has inherited a Socialist party in crisis

Socialists through a delicate transition period. He may be helped, however, by the fact that he is not considered a presidential candidate in his own right. Party officials said he will head the party until a party congress is held, due by the end of the year, and until a presidential candidate can be

decided Mr Jacques Delors, the president of the European Commission, is clearly favoured by many within the party. A CSA poll published on Saturday suggested that 74 per cent of

Socialist supporters want the former finance minister as their presidential candidate. This is partly because other recent polls have indicated that Mr Delors would offer the strongest challenge to the probable candidates of the right - Mr Jacques Chirac, head of the Gaullist RPR party, and Mr Edouard Balladur. prime minister and head of the centre-right coalition.

Mr Laurent Fabius, the former Socialist prime minister and bitter rival of Mr Rocard, said on Saturday that Mr

Delors was the person "best placed" to lead the Socialists into April's presidential contest. Mr Delors, however, has remained enigmatic on his possible return to French politics. Nor is he the only potential candidate. Mr Jack Lang, the former culture minister, has expressed his interest in standing for the presidency.

Whoever emerges as tha presidential candidate, the daunting challenges facing Mr Emmanuelli and his colleagues are already clear. In addition to the factionalism that has long bedevilled the party and which erupted with a vengeance last weekend, there is the equally fundamental problem of restoring the party's

Tha disenchantment with the Socialists, and their weak appeal to young voters, were clearly demonstrated in the European elections. The Mouvement des Radicaux de Gauche, headed by the charismatic but beleaguered businessman Mr Bernard Tapie, won 12.3 per cent of the vote, largely at the expense of the

Whoever runs on the left may need at least the tacit support of Mr Taple. The backing of President François Mitterrand would also be valuable. Many French commentators see Mr Rocard's downfall as the result of a long-running feud with the president. This sentiment was expressed in a front-page cartoon in Le Quoti-dien which showed Mr Mitterrand being presented with Mr Rocard's head on a plate.

W UNITED STATES

INTERNATIONAL ECONOMIC INDICATORS: BALANCE OF PAYMENTS

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1986	230.e	-140.6	-152.7	0.9838	80.2	211.0	96.2	87.0	165.14	124.4	248.3	53.3	40.3	2,1283	108.6
1967	220.4	-1S1.8	-145.0	1.1531	70.3	197.5	86.2	75.4	166.44	133.2	254.5	56.7	39.8	2.0694	115.3
1968	272.1	-100.0	-107.3	1.1848	66.0	219.5	80.6	66.6	151.70	147.3	272.1	67.4	42.8	2.0765	114.6
1980	330.0	-98.2	-92.2	1.1025	69.4	245.1	70.4	52.5	151.98	141.8	310.1	65.2	52.2	2.0696	113.5
1990 1991	308.8 340.7	-79.3 -53.5	-72.1 -6.7	1.2747 1.2383	65.1 64.5	220.0	50.0	28.2 82.9	183.97	126.0	324.3	51.5	36.9	2.0540	119.1
1902	345.8	-64.0	-51.2	1.2986	62.8	247.5 254.6	83.1 101.6	89.9	168.34 164.18	137.0 142.9	327.7 330.4	11.2 18.6	-15.7 -17.0	2,0466	117.7 121.2
1993	397.5	-98.5	-93.4	1.1697	65.6	300.2	120.9	111,7	130.22	173.8	310.5	30.0	-16.2	1.9323	124.6
2nd qtr.1983	95.4	-25,4	-22.6	1.2056	64.3	73.4	28.6	26.2	132.62	172.4	75.2	7.8	-3.1	1,9608	124.0
3rd qtr.1993	99.8 107.8	-27 <u>.2</u> -24.5	-24.6	1.1429	65.4	79.2	32.3	28.2	120.74	183.7	76.7	6.2	-8.7	1.9156	123.9
4th qtr.1993 1st qtr.1994	107.0	-28.7	-27.7	1.1387	66.4 66.8	75.6 80.9	30.3 32.7	26.6 28.6	123.16 121.00	180.2 182.5	81.7	11.7	-3.0 -4.2	1.9159 1.9379	124.6 122.4
May 1993	\$1.8	-6.e	n.a.	1,2190	63.9	23,5	9,4	8.4	134.47	171,0	24.5	2.9	-1.3	1.9594	124.1
June	31.8	-10.2	n.a.	1.1796	64.5	25.4	9.1	8.0	126.58	178.2	25.2	2.9	0.7	1.9498	122.6
July	32.7	-9.2	n.a.	1.1336	66.8	26.7	11.6	6.7	122.09	181.1	24.2	2.2	-4.0	1,9439	122.0
August	33.9	-0.0	A.B.	1.1211	65.7	26.6	10.6	6.1	118,38	188.2	26.6	2.1	-3.0	1,9014	123.6
September	33.1	-9.0	N-8-	1.1739	64.7	25.9	10.7	8.4	123.75	181.8	25.9	1.6	-1.6	1.9015	126.1
October	34.7	-9.4	n.a.	1.1567	65.5	24.9	9.8	8.9	123.71	180.4	27.5	4.2	-1.6	1.8945	126.2
November	35.8	-8.6	n.a.	1.1302	66.6	25.1	9.9	8.8	121.88	181.8	27.3	4.0	0.6	1_9217	124.5
December	37.4 35.3	-6.5 -9.1	n.a.	1.1291	67.0	25.7	10.6	9.2	123.96	178.5	26.9	3.5	-1.6	1,9314	123.7
January 1994	34.0		n.a.	1.1149	67.5	27.0	11.4	10.1	124.14	177.0	26.0	3.4	-1.3	1.9432	122.2
February Merch	37.7	-10,7 -8,6	n.a.	1.1211 1.1387	66.7 66.1	26.7	11.2	8.8	119.06	185.2	27.3	3.1	-24	1.9444	121.6
April	37.7	-4.0	n.a. n.g.	1.1413	66.0	27.1 27.8	10.1 11.3	8.7 10.9	119.80 118.09	185.3 188.6			-0.5	1.9261	123.2 122.6
	III FRA	NCE				II ITAL	Ŧ				M UNIT	ED KI	NGDO	M	
		Visitale	Current	Picon .	Effective		Vielble	Current	Box .	Stocke		Yalkis	Cornect	Box .	Elictics
	Exports	tends belance	belance belance	Alpha California	molange Tille	Exporte	trade helen	account belance	mange into	andergo rate	Esporte	trade belance	Correct account bulance	methange methange	eschange 
1965	133.4	trada beterce	belance -0.2	6.7944	100.0	103.7	10de 10de -16.0	account between =5,4	1443.0	100.0	132.4	trade beforce -5.7	bulance 3.8	0,5890	100.0
1965	133.4 127.1	-3.6 0.0	necessit belance -0.2 3.0	6.7944 8.7960	100.0 102.8	103.7 99.4	-18.0 -2.5	=5.4 -1.4	1443.0 1461.6	100.0 101.4	132.4 108.3	-5.7 -14.2	3.8 -1.3	0,5890 0,6708	100.0 91.6
1985 1987	133.4 127.1 128.4	-2.6 0.0 -4.6	-0.2 3.0 -3.7	6.7944 8.7960 6.9209	100.0 102.8 103.0	103.7 99.4 100.8	-18.0 -2.5 -7.5	-5.4 -1.4 -2.1	1443.0 1461.6 1493.1	100.0 101.4 101.2	132.4 108.3 112.3	-5.7 -14.2 -16.4	8.8 -1.3 -7.1	0.5890 0.6708 0.7047	100.0 91.6 90.1
1986 1987 1988	133.4 127.1 128.4 141.7	72.6 0.0 -4.6 -3.9	-0.2 3.0 -3.7 -3.4	6.7944 8.7960 6.9209 7.0440	100.0 102.8 103.0 100.8	103.7 99.4 100.8 106.1	-16.0 -2.5 -7.5 -8.0	=5.4 -1.4 -2.1 -8.0	1443.0 1461.6 1493.1 1538.6	100.0 101.4 101.2 97.8	132.4 108.3 112.3 120.9	-5.7 -14.2 -18.4 -32.3	3.8 -1.3 -7.1 -25.0	0.5890 0.6708 0.7047 0.6643	100.0 91.8 90.1 95.5
1985 1987 1988 1989	133.4 127.1 128.4 141.7 162.8	-7.6 0.0 -4.6 -3.9 -6.3	-0.2 3.0 -3.7 -3.4 -3.6	6.7944 8.7960 6.9209 7.0440 7.0221	100.0 102.8 103.0 100.8 99.6	103.7 99.4 100.8 106.1 127.7	-18.0 -2.5 -7.5 -8.0 -11.3	=5.4 -1.4 -2.1 -8.0 -17.0	1443.0 1461.8 1493.1 1538.6 1510.3	100.0 101.4 101.2 97.8 98.8	132.4 108.3 112.3 120.9 137.0	-5.7 -14.2 -16.4 -32.3 -36.7	3.8 -1.3 -7.1 -25.0 -33.5	0.5890 0.6708 0.7047 0.6643 0.6728	100.0 91.8 90.1 96.5 92.6
1966 1967 1968 1969 1990	133.4 127.1 128.4 141.7 162.8 170.1	73.6 0.0 -4.6 -3.9 -6.3 -7.2	-0.2 3.0 -3.7 -3.4 -3.6 -7.2	6.7944 8.7960 6.9209 7.0440 7.0221 6.9212	100.0 102.8 103.0 100.8 99.8 104.8	103.7 99.4 100.8 106.1 127.7 133.6	-16.0 -2.5 -7.5 -8.6 -11.3 -9.3	=5.4 -1.4 -2.1 -8.0 -17.0 -18.0	1443.0 1461.6 1493.1 1538.6 1510.3 1523.4	100.0 101.4 101.2 97.8 98.6 100.6	132.4 108.3 112.3 120.9 137.0 142.3	-5.7 -14.2 -16.4 -32.3 -36.7 -26.3	3.8 -1.3 -7.1 -25.0 -33.5 -25.8	0.5890 0.6708 0.7047 0.6643 0.6728 0.7150	100.0 91.6 90.1 96.5 92.6 91.3
1966 1987 1988 1989 1990 1991	133.4 127.1 128.4 141.7 162.8 170.1 175.5	7.6 0.0 -4.6 -3.9 -8.3 -7.2 -4.2	-0.2 3.0 -3.7 -3.4 -3.6 -7.2 -4.9	6.7944 8.7960 6.9209 7.0440 7.0221 6.9212 8.9598	100.0 102.8 103.0 100.8 99.6 104.8 102.7	103.7 99.4 100.8 108.1 127.7 133.6 137.1	-16.0 -2.5 -7.5 -8.6 -11.3 -9.3 -10.5	=5.4 -1.4 -2.1 -8.0 -17.0 -18.0 -17.7	1443.0 1461.6 1493.1 1538.6 1510.3 1523.4 1530.3	100.0 101.4 101.2 97.8 98.6 100.6 98.9	132.4 108.3 112.3 120.9 137.0 142.3 147.7	-6.7 -14.2 -18.4 -32.3 -36.7 -26.3 -14.7	3.8 -1.3 -7.1 -25.0 -33.5 -25.8 -10.9	0.5890 0.6708 0.7047 0.6643 0.6728 0.7150 0.7002	100.0 91.6 90.1 96.5 92.6 91.3 91.7
1966 1967 1968 1969 1990	133.4 127.1 128.4 141.7 162.8 170.1	73.6 0.0 -4.6 -3.9 -6.3 -7.2	-0.2 3.0 -3.7 -3.4 -3.6 -7.2	6.7944 8.7960 6.9209 7.0440 7.0221 6.9212	100.0 102.8 103.0 100.8 99.8 104.8	103.7 99.4 100.8 106.1 127.7 133.6	-16.0 -2.5 -7.5 -8.6 -11.3 -9.3	=5.4 -1.4 -2.1 -8.0 -17.0 -18.0	1443.0 1461.6 1493.1 1538.6 1510.3 1523.4	100.0 101.4 101.2 97.8 98.6 100.6	132.4 108.3 112.3 120.9 137.0 142.3	-5.7 -14.2 -16.4 -32.3 -36.7 -26.3	3.8 -1.3 -7.1 -25.0 -33.5 -25.8	0.5890 0.6708 0.7047 0.6643 0.6728 0.7150	100.0 91.6 90.1 96.5 92.6 91.3
1966 1967 1966 1969 1969 1990 1991	133.4 127.1 128.4 141.7 162.8 170.1 175.5 162.4	-3.6 0.0 -4.6 -3.9 -8.3 -7.2 -4.2 4.6 12.6	-0.2 3.0 -3.7 -3.4 -3.6 -7.2 -4.9 2.6	6.7944 8.7960 6.9209 7.0440 7.0221 6.9212 8.9598 6.6469	100.0 102.8 103.0 100.8 99.6 104.8 102.7 106.0	103.7 99.4 100.8 108.1 127.7 133.6 137.1	-16.0 -2.5 -7.5 -8.6 -11.3 -9.3 -10.5 -8.0 17.6	=5.4 -1.4 -2.1 -8.0 -17.0 -18.0 -17.7 -20.6 6.2	1443.0 1461.6 1493.1 1538.6 1510.3 1523.4 1530.3 1592.6	100.0 101.4 101.2 97.8 98.6 100.6 98.9 95.7	132.4 108.3 112.3 120.9 137.0 142.3 147.7 145.5	-5.7 -14.2 -18.4 -32.3 -36.7 -26.3 -14.7 -18.2	3.8 -1.3 -7.1 -25.0 -33.5 -25.6 -10.9 -13.5	0,5690 0,6708 0,7047 0,6643 0,6728 0,7150 0,7002 0,7359	100.0 91.6 90.1 96.5 92.6 91.3 91.7 86.4
1966 1987 1968 1969 1969 1990 1991 1992	133.4 127.1 128.4 141.7 162.8 170.1 175.5 162.4 177.8	-3.6 -3.6 -4.6 -3.9 -6.3 -7.2 -4.2 4.6	-0.2 3.0 -3.7 -3.4 -3.6 -7.2 -4.9 2.6 8.9	6.7944 8.7960 6.9209 7.0440 7.0221 6.9212 8.9598 6.6469 6.6234	100.0 102.8 103.0 100.8 99.6 104.8 102.7 106.0 108.3	103.7 99.4 100.8 108.1 127.7 133.6 137.1 137.8 144.4	-16.0 -2.5 -7.5 -8.6 -11.3 -9.3 -10.5 -8.0 17.6	=5.4 -1.4 -2.1 -8.0 -17.0 -18.0 -17.7 -20.6	1443.0 1461.6 1493.1 1538.6 1510.3 1523.4 1530.3 1592.6 1835.4	100.0 101.4 101.2 97.8 98.6 100.6 98.9 95.7 79.6	132.4 108.3 112.3 120.9 137.0 142.3 147.7 145.5 155.3	-5.7 -14.2 -16.4 -32.3 -36.7 -26.3 -14.7 -18.2 -17.6	3.8 -1.3 -7.1 -25.0 -33.5 -25.6 -10.9 -13.5 -14.0	0.5890 0.6708 0.7047 0.6643 0.6728 0.7150 0.7002 0.7359 0.7780	100.0 91.6 90.1 95.5 92.6 e1.3 91.7 66.4 90.2
1986 1987 1988 1989 1989 1990 1991 1992 1993 2nd qtr.1983	133.4 127.1 128.4 141.7 162.8 170.1 175.5 162.4 177.8	-2.6 0.0 -4.6 -3.9 -8.3 -7.2 -4.2 4.6 12.6	-0.2 3.0 -3.7 -3.4 -3.6 -7.2 -4.9 2.6 8.9	6.7944 8.7960 6.9209 7.0440 7.0221 6.9212 8.9598 6.6469 6.6234	100.0 102.8 103.0 100.8 99.6 104.8 102.7 108.0 108.3	103.7 99.4 100.8 108.1 127.7 133.6 137.1 137.8 144.4	-16.0 -2.5 -7.5 -8.6 -11.3 -9.3 -10.5 -8.0 17.6	=5.4 -1.4 -2.1 -8.0 -17.0 -18.0 -17.7 -20.6 6.2	1443.0 1461.6 1493.1 1538.6 1510.3 1523.4 1530.3 1592.6 1835.4	100.0 101.4 101.2 97.8 98.6 100.6 98.9 95.7 79.6	132.4 108.3 112.3 120.9 137.0 142.3 147.7 145.5 155.3	-5.7 -14.2 -18.4 -32.3 -36.7 -26.3 -14.7 -18.2 -17.8	3.8 -1.3 -7.1 -25.0 -33.5 -25.6 -10.9 -13.5 -14.0	0.5890 0.6708 0.7047 0.6643 0.6728 0.7150 0.7002 0.7359 0.7780	100.0 91.6 90.1 96.5 92.6 61.3 91.7 65.4 90.2 80.2 81.0
1986 1987 1988 1989 1990 1990 1991 1992 1993 2nd qtr.1983 3nd qtr.1983	133.4 127.1 128.4 141.7 162.8 170.1 175.5 182.4 177.8	-3.6 0.0 -4.6 -3.9 -8.3 -7.2 -4.2 4.6 12.6	-0.2 3.0 -3.7 -3.4 -3.6 -7.2 -4.9 2.6 8.9	6.7944 8.7960 6.8209 7.0440 7.0221 6.9212 8.9598 6.6469 6.6234 6.6045 6.6425	100.0 102.8 103.0 100.8 99.6 104.8 102.7 106.0 108.3	103.7 99.4 100.8 108.1 127.7 133.6 137.1 137.8 144.4	-18.0 -2.5 -7.5 -8.6 -11.3 -9.3 -10.5 -8.0 17.6 3.9 8.1	=5.4 -1.4 -2.1 -8.0 -17.0 -18.0 -17.7 -20.6 6.2	1443.0 1461.6 1493.1 1538.6 1510.3 1523.4 1530.3 1592.6 1835.4	100.0 101.4 101.2 97.8 98.6 100.6 98.9 95.7 79.6 81.2 79.8	132.4 108.3 112.3 120.9 137.0 142.3 147.7 145.5 155.5 37.7 40.3	-5.7 -14.2 -16.4 -32.3 -36.7 -26.3 -14.7 -18.2 -17.6	3.8 -1.3 -7.1 -25.0 -33.5 -25.6 -10.9 -13.5 -14.0	0.5890 0.6708 0.7047 0.6643 0.6728 0.7150 0.7002 0.7359 0.7780 0.7862 0.7862	100.0 91.6 90.1 96.5 92.6 91.3 91.7 86.4 90.2
1985 1987 1988 1989 1990 1990 1990 1992 1993 2nd qtr.1993 3rd qtr.1993 1st qtr.1994 May 1983	133.4 127.1 128.4 141.7 162.8 170.1 175.5 162.4 177.8 44.4 44.7 45.6 46.0		-0.2 3.0 -3.7 -3.4 -3.6 -7.2 -4.9 2.6 8.9 1.4 3.5 3.8 2.3	7944 8.7960 8.9209 7.0440 7.0221 8.9598 6.8469 6.6234 8.6045 6.6422 6.5910 8.6796	100.0 102.8 103.0 100.8 104.5 104.5 102.7 106.0 108.3 109.7 106.0 109.7 109.8	103.7 99.4 100.8 106.1 127.7 133.6 137.1 137.8 144.4 38.7 34.2 40.9	-18.0 -2.5 -7.5 -8.6 -11.3 -9.3 -10.5 -8.0 17.8 8.9 8.1 7.1	-5.4 -1.4 -2.1 -8.0 -17.7 -20.6 -17.7 -20.6 -8.2 -1,7 -3.2 -3.9	1443.0 1461.8 1483.1 1538.6 1510.3 1522.4 1530.3 1592.8 1835.4 1812.1 1810.8 1679.6 1883.6	100.0 101.4 101.2 97.8 98.9 95.7 79.6 81.2 77.0 76.2	132.4 108.3 112.3 120.9 137.0 142.3 147.7 145.5 155.3 37.7 40.3 40.2 41.7	-5.7 -14.2 -18.4 -32.3 -38.7 -18.2 -17.6 -4.2 -4.7 -4.1	8.8 -1.3 -7.1 -25.0 -33.5 -14.0 -4.2 -2.5 -3.1	0.5890 0.6708 0.7047 0.6643 0.7150 0.702 0.7359 0.7780 0.7862 0.7862 0.7865 0.7854	100.0 91.8 90.1 95.5 92.6 61.3 91.7 65.4 90.2 80.2 81.1 81.3
1966 1967 1968 1969 1990 1990 1991 1992 1993 2nd qtr.1963 3nd qtr.1963 4th qtr.1963 4th qtr.1963 May 1963 June	133.4 127.1 128.4 141.7 162.8 170.1 175.5 162.4 177.8 44.4 44.7 45.6 46.0	32 34 42 42 42 44 42 44 42 44 42 44 42 44 42 44 42 44 42 44 42 44 42 44 42 44 42 44 44	-0.2 3.0 -3.7 -3.4 -3.6 -7.2 -4.9 2.6 8.9 1.4 3.5 3.8 2.08 -0.42	6.7944 8.7960 6.8209 7.0440 7.0221 6.9212 8.9598 6.64234 6.6425 6.6422 6.6910 8.6796	100.0 102.8 103.0 103.0 100.8 99.6 104.8 102.7 108.0 108.3 109.7 108.4 107.3 108.4 107.3 108.8	103.7 99.4 100.8 108.1 127.7 133.6 137.1 137.8 144.4 38.7 34.2 40.9	-18.0 -2.5 -7.5 -8.0 -11.3 -9.3 -10.5 -8.0 17.6 3.9 8.1 7.1	-5.4 -1.4 -2.1 -8.0 -17.7 -18.0 -17.7 -20.6 6.2 1.7 3.2 3.9	1443.0 1461.8 1493.1 1510.3 1523.4 1530.3 1592.8 1835.4 1810.8 1879.6 1893.6 1797.5	100.0 101.4 101.2 97.8 100.6 38.9 95.7 79.8 81.2 79.8 77.0 76.2 82.5	132.4 108.3 112.3 120.9 137.0 142.3 147.7 145.5 155.3 37.7 40.3 40.2 41.7	-6.7 -14.2 -18.4 -32.3 -36.7 -26.3 -14.7 -18.2 -17.6 -4.2 -4.2 -4.1 -1.3 -1.6	3.8 -1.3 -7.1 -25.6 -10.9 -13.5 -14.0 -4.2 -2.5 -3.1	0.5890 0.6708 0.7047 0.6643 0.7150 0.7002 0.7359 0.7780 0.7862 0.7855 0.7855 0.7855	100.0 91.8 90.1 95.5 92.6 91.3 91.7 86.4 90.2 81.0 81.1 81.3 80.5 79.8
1985 1987 1989 1989 1990 1990 1991 1992 1993 2nd qtr.1983 4th qtr.1983 1at qtr.1984 May 1983 June June	133.4 127.1 128.4 141.7 162.8 170.1 175.5 182.4 177.8 44.4 44.7 45.6 46.0	32 4.6 12.6 12.6 12.6 12.6 12.6 12.6 12.6 12	-0.2 3.0 -3.7 -3.4 -3.6 -7.2 -4.9 2.8 8.9 1.4 3.5 3.8 2.3 2.06 -0.42 1.27	6.7944 8.7960 6.9209 7.0440 7.0221 8.9598 6.8469 6.6425 6.6425 6.6426 6.6910 8.6768 8.6768 8.6768	100.0 102.8 103.0 103.8 99.8 104.8 102.7 108.0 109.7 108.0 109.7 108.0 109.8 109.8 109.8	103.7 99.4 100.8 106.1 127.7 133.6 137.1 137.8 144.4 36.7 34.2 40.9	-18.0 -2.5 -7.5 -8.0 -11.3 -9.3 -10.5 -8.0 17.6 8.1 7.1	= 5.4 -5.4 -1.4 -2.1 -8.0 -17.0 -18.0 -17.7 -20.6 6.2 1.7 3.2 3.9	1443.0 1461.8 1463.1 1538.8 1510.3 1523.4 1530.3 1592.8 1835.4 1810.8 1679.6 1883.8	100.0 101.4 101.2 97.8 98.8 100.6 98.9 95.7 79.6 81.2 77.0 76.2 82.2 82.2 82.5 80.8	132.4 108.3 112.3 120.9 137.0 142.3 147.7 145.5 155.3 37.7 40.3 40.2 41.7	-5.7 -14.2 -18.4 -32.3 -36.7 -26.3 -14.7 -18.6 -4.2 -4.7 -4.1 -1.3 -1.6 -1.8	3.8 -1.3 -7.1 -25.0 -33.5 -10.9 -13.5 -14.0 -4.2 -2.5 -3.1	0.5890 0.6708 0.7047 0.6643 0.7150 0.7002 0.7382 0.7862 0.7865 0.7855 0.7855 0.7855	100.0 91.8 90.1 95.5 92.5 91.7 85.4 90.2 80.2 81.1 81.3 90.5 79.8 81.3
1986 1987 1988 1988 1989 1990 1990 1992 1993 2nd qtr.1983 3rd qtr.1983 1st qtr.1984 May 1983 June July Allyent	133.4 127.1 128.4 141.7 162.8 170.1 175.5 162.4 177.8 44.4 44.7 45.6 46.0 15.1 14.6 15.2	32 3.4 4.5 3.4 4.6 12.8 3.4 4.6 12.8 3.4 1.58 0.61 1.70 0.39	-0.2 3.0 -3.7 -3.8 -7.2 -4.9 2.6 8.9 1.4 3.5 3.5 2.3 -0.42 1.27	6.7944 8.7960 8.9209 7.0440 8.9212 8.9212 8.9218 6.6425 6.6425 6.6425 6.6910 8.6796 8.5637 8.6218 8.65218	100.0 102.8 103.0 100.8 99.6 104.8 102.7 106.0 108.3 109.7 106.4 107.3 108.0 109.8 109.8 109.8	103.7 99.4 100.8 106.1 127.7 133.6 137.1 137.8 144.4 38.7 34.2 40.9	-18.0 -2.5 -7.5 -8.0 -9.3 -10.5 -8.0 17.6 3.9 8.1 7.1	= 5.4 -5.4 -1.4 -2.1 -8.0 -17.0 -18.0 -17.7 -20.6 6.2 1.7 3.2 3.9 0.8 0.8 2.8 0.8	1443.0 1461.8 1493.1 1538.6 1510.3 1523.4 1532.8 1835.4 1812.1 1810.8 1679.6 1893.8 1797.5 1772.4 1797.6	100.0 101.4 101.2 98.8 100.6 98.7 79.8 81.2 79.8 77.9 82.2 82.5 82.5 82.5 87.7	132.4 108.3 112.3 120.9 137.0 142.3 147.7 145.5 155.3 37.7 40.3 40.2 41.7	**************************************	3.8 -1.3 -7.1 -25.0 -33.5 -25.6 -10.9 -13.5 -14.0 -4.2 -2.5 -3.1 -3.1	0.5890 0.6708 0.708 0.7047 0.6643 0.6728 0.7150 0.7359 0.7359 0.7862 0.7885 0.7835 0.7837 0.7854	100.0 91.8 90.1 95.5 92.6 61.3 91.7 66.4 90.2 81.1 81.3 80.5 79.8 81.3 81.3
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## Solvent emission cut may hit output, warns Saab

By Hugh Carnegy in Stockholm

Saab Automobile, the Swedisb car maker, warned yesterday it would cut production and slida back into losses if it was forced to meet demands that it sharply reduce solvant emissions from the paint shop at its manufacturing plant in the city of Trollhattan.

Environmentalists are calling on the state body which sets industrial pollution limits to force Saab, jointly owned by General Motors of the US and Sweden's Saab-Scania, to adjust immediately to solvent emission levels of 550 tonnes a year officially set for its plant limit of 850 tonnes Saab currently operates within. "If we cannot get a deferral

we must reduce our production drastically to stay under the emission limit, which would lead to a loss this year," Mr Peter Möller, Saab's develop-ment and production chief told a public hearing held by the Concessions Authority.

The authority, which is also considering emission levels for Volvo, Saab's Swedish rival, said it would rule on the issue in August, Swedish companies face some of the toughest environmental regulations in Europe. The big forestry industry has been forced to spend beavily on reducing effluent emissions over the past decade.

Saab is on target to make a profit this year for the first time in six years thanks in large part to the success of its new 900 modal launched in 1993. But this depends on increasing production significantly. Total unit sales, the vast majority produced at Trollhattan, are projected to rise to more than 90,000 in 1994 from 73,600 last year.

The company is planning a SKribn (£84m) investment to install a water-based paint factory which will bring solvents emissions down to the government target of 275 tonnes a year by 2000. But it insists it cannot bring down emissions immediately without slowing or stopping production.

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#### **EUROPEAN NEWS DIGEST**

## Romania moves on new law to return property

The Romanian Senate yesterday passed a controversial property law, granting limited restitution rights to former owners of around 250,000 residential properties confiscated

after 1945 by the former communist regime.

Under the bill, which must be passed by the lower house before becoming law, former owners or their descendants may only claim back properties they still live in as tenants. Those living elsewhere or with more than one confiscated residence can claim cash compensation up to the equivalent of the annual average salary for the past 20 years. Funds for compen-sation will come from sales to tenants of unclaimed properties. The proposed law will only compensate Romanian citizens resident in the country.

Former owners living abroad will have six months in which to return to Romania and register their claims. Centre-right opposition parties, which boycotted the debate and voting on the law, said the bill violated property rights enshrined in the constitution. The National Peasants party, the main opposition grouping, said it would challenge the hill in the constitu-

tional court if, as expected it becomes law.

The opposition and former owners' groups say the move favours former communists living in confiscated properties, who under the bill will be able to buy their homes for a fraction of their market value. Virginia Marsh, Bucharest.

## EU splits Finnish government

A dispute over Finland's move to join the European Union yesterday split the centre-right coalition for the first time since it took office in 1991 as the anti-EU Christian party

pulled out of the government. But the remaining three government parties, led by the Centre party of the prime minister, Mr Esko Aho, retained an absolute majority with 108 seats in the 200-seat parliament, despite losing the backing of the seven Christian party MPs. The coalition, now comprised of the Centre party, the Conservative party and the Swedish People's party, went ahead yesterday with the formal ratification of Finland's agreement on the terms of accession with the EU following approval at a special conference of the Centre party at the weekend. A similar meeting of the Christian party rejected EU membership, forcing the leadership to withdraw from the coalition in which Mr Toimi Kankaanniemi, its leader, was minister for overseas aid. Hugh Carnegy, Stockholm.

#### Palermo mayor refuses to quit

**Ditions** 

Mr Leoluca Orlando, the leader of the Sicily-based reformist movement La Rete (Network), has refused to resign as mayor of Palermo following the announcement last week he was under investigation for alleged abuse of office. He told Palermo city council yesterday he would not step down but agreed to waive his immunity as a member of the European Parliament, His position contrasted sharply with his demands that politicians under investigation resign immediately. The investigation relates to his previous period in the 1980s as Christian Democrat mayor of the city and concerns delays in restoring Palermo's opera house, the Teatro Massimo. The saga of the opera house is one of Sicily's better known instances of bungling officialdom. It has been closed since 1974 when it was declared unsafe. So far L65bn (£26.7m) has been spent intermittently on restoration but at least a further L32bn is required, Robert Graham, Rome.

## Poles lose enthusiasm for vote

Voter turnout for Poland's local government elections on Sunday was between 25 per cent and 30 per cent, the lowest level since the fall of communism. Only hard-core supporters of the political parties bothered to turn out to vote for the 52,173 local government seats. Exit polls mirrored last autumn's parliamentary poll, showing the ruling coalition PSL farmer's party doing well in the countryside. Its former communist partner in government, the SLD, maintained its position in the towns and received around one-third of the vote. The opposition Freedom Union, a centrist group which led the last government also won up to a third of the urban vote leaving the rest lo disparate, fervently anti-communist, right-wing groups. Christopher Bobinski, Warsau.

## **ECONOMIC WATCH**

## Belgian optimism on deficit



this year's target for the public sector deficit of 5.7 per cent of gross domestic product, Mr Philippe Maystadt, terday. Presenting tha Treasury's seventh annual report on the public deficit, Mr Maystadt said he was confident the federal government would be able to stick to its goal, even though it was too early to say how well Belgium's three regional governments had performed. Mr Maystadt also announced that Releium was to introduce a \*Forecast new clearing system that

would enable private retail investors to hold government Treasury hills and linear bonds (OLOs), previously only held by banks and institutional investors. Individuals would be allowed to hold the deht instruments in a apecial bank account. The report said that consolidated debt represented 66.6 per cent of the federal government's total debt at the end of May this year, compared with 69.5 per cent a year earlier. Emma Tucker, Brussels.

■ Sweden's May trade surplus rose to SKr5.5bn (£462m) from SKr4.5bn a year earlier, the Central Bureau of Statistics said yesterday. Analysts polled by Reuters had forecast a SKr6.7bn

Registered businesses in Hungary rose to 92,314 in May from 91,004 in April, the Central Office of Statistics said.

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## Baltic states' varied roads to freedom

## Philippe Legrain reviews the economic records of Estonia, Latvia and Lithuania since independence

hen Estonia flonted the International Monetary Fund's advice and ditched the Russian rouble, its leaders did so in the conviction that a stable national currency was a cor-nerstone of their country's hard-won independenca. But two years on, their initial suc-cess - inflation was held to 36 per cent last year compared with nearly 1,000 per cent in Russia - has been undermined

hy recent price surges.

Latvia's consistently better inflation record underscores Estonia's setback and has called into question its northern neighbour's approach to monetary policy. The Bank of Latvia, while allowing the lat to float, has adopted a "strong lat" policy and maintains high interest rates to stamp out inflationary pressures. Estonia, on the other hand, runs a cur-rency board-like system which leaves policy on "autopilot". The kroon, which is pegged to the German D-Mark, is fully hacked by foreign currency reserves whose ebbs and flows determina the alze of the

money stock.
Large capital inflows, fuelled by foreign aid and investment and balance of payments financing, have sent Estonia's money supply rising fast. Con-sequently, inflation has shot

back up to an annualised 66 the currency board system, year and trade remains angled cent in Latvia.

Renewed inflation has also increased the kroon's overvaluation, sucking in imports and stunting export growth. Eston-ia's trade deficit widened to EEK1.3bn (£66m) in the first similar re-orientation.

per cent in the three months to May, compared with 20 per arguing that it gives the kroon much oeeded credibility. The authors point to the shift in trade from east to west - Finland has replaced Russia as Estonia's main trading partner - to back up their case.

But Latvia has achieved a

Latvia's consistently better inflation record has underscored Estonia's setback and called into question its northern neighbour's stable

currency approach, seen as the

three months of this year, equivalent to a third of export volume or about 20 per cent of estimated first quarter gross

domestic product. By contrast, thanks to its superior inflation performance, the lat has not appreciated as much in real terms as the kroon and Latvia's current account has remained in surplus – \$125m last year, equiva-

lent to 5.7 per cent of GDP.
Despite these drawbacks, a recent study by Professor Jeffrey Sachs of Harvard University and Mr Ardo Hansson of the Bank of Estonia defends

cornerstone of its hard-won liberty Although Russia is still its main trading partner, like Estonia'a, about a quarter of its trade is with Russia.

On April 1 the third Baltic republic of Lithuania, often considered the laggard in economic reform, plumped for the Estonian way. After a furious debate involving accusations of betraying the motherland, the government pegged the newly-issued litas to the US dollar. Inflation had stabilised at an annualised rate of 36 per cent in the three months before the

decision. Lithuania recorded a

300m litas (\$75m) deficit last

towards former Soviet repub-

Growth prospects for all three countries remain murky. Although industrial output growth is still flat, the Baltic states are hoping for growth this year for the first time since regaining their independence in August 1991, Estonia seems to have the edge but evidence is patchy.

Estonia has also led the way in attracting foreign invest-ment. Finnish and Swedish companies have piled in more than half the EEK906m equivalent to 4.3 per cent of GDP - that flowed into the

small country last year.

Latvia is catching up, having overcome a tegislative logiam which led prospective investors to delay committing funds. While only about \$60m (2.7 per cent of GDP) was invested in Latvia in 1993, \$100m is expected this year, according to the Latvian Development Agency. The UK-based multinational Cabla & Wireless and Telecom Finland have announced a \$1.3bn plan to modernise Latvian telecoms, \$40m of which has already been invested. Kellogg, the US breakfast cereals giant, has set up a \$22m plant near the capital

Riga. Lithuania has attracted little



Sachs: points to trade shift

is furthest down the privatisation road. More than two thirds of the companies slated for sale have been privatised, and more than half the workforce is now in the private sector. However, allegations of corruption and of Soviet-ara "red directors" buying their companies on the cheap have nearly halted the process.

Estonia has opted for the East German model, having set up a privatisation agency mod-



elted on the Treuhandanstaldt. Of more than 500 earmarked for sale, 52 companies had been sold by the start of the year. with a new wave of auctions under way. But the volume of receipts (\$24m) and impact on the economy have so far been

Privatisation has burely got off the ground in Latvia. A quarrel between the newly set up privatisation agency and government ministries over responsibility for the sell-offs and whether to opt for hard currency or voucher sales has hindered progress. Although Latvia aims to sell about 200 companies a year, only 85 out of a list of 703 have actually changed hands so far.

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NEWS IN BRIEF

transfer

Orlando

KLM Royal Dutch Airlines

yesterday announced that it

would transfer its scheduled

service to Orlando, Florida, to

a joint venture to set up with Martinair, the Dutch charter airline in which it owns e minority stake, writes Ronald

van de Krol in Amsterdam.

Martinair will start operating KLM's Orlando flights on

October 31, but the two airlines

flights

depths should belp to keep

development costs down if a

decision is made to go into

Mr Gavin Law, who monitors

oll developments in south-east Asia for Wood Mackenzie, the

Edinburgh brokers, said there

had been "a lot of eagerness'

on the part of the Vietnamese

euthorities to get another significant offshore discov

Many recent exploration wells have produced disap-

pointing results, while there has been a big revision downwards in the estimated

reserves of the Dai Hung, or

a package of deregulatory measures by the end of this month to present to the

Group of Seven summit in Naples next

month as part of its efforts to meet inter-

national criticism that it must do more to

stimulate its domestic economy and trim

Wide-ranging regulations covering the oil industry have come up for special crit-

icism recently as responsible for shoring

its current account surplus.

up the price of petrol.

full-scale production.

## Japan strikes Vietnam oil

Tokyo urged to ease refinery imports

The report says the restriction has

helped perpetuate substantial price differ-entials between domestic and overseas

petrol prices, and recommends the easing

The panel's recommendation, which will form the basis for Miti policy, comes as prime minister Tentomn Hate has

urged ministries to come up with further

deregulatory measures to resuscitate the

of rules on petrol station construction.

restricted imports to refiners.

By Robert Corzine

Mitsubishi Oil of Japan yesterday announced the discovery of what could be a significant oil find off the coast of Vietnam, an area which has proved disappointing for a number of international oil

The find was in shallow water near the mouths of the Mekong River, well eway from disputed areas further offshore. The exploration block, known as 15-2, is adjacent to the Bach Ho, or White Tiger field, which produces about 130,000 barrels a day.

Officials yesterday said they strongly expect that the dis-

By Michiyo Nakamoto in Tokyo

Japan's Ministry of International Trade

and Industry yesterday moved closer to lifting restrictions on oil product imports

with the publication of a report recom-

mending the deregulation of the oll indus-

In an interim report submitted to the

trade minister, a government advisory

panel called for the abolition of a special law on oil product imports which has



Bach Ho field." Oil from the

high quality, the company

The Japan Vietnam Petroleum Company, e Mitsubishi subsidiary, said the 10,346 berrel a day flow rate from the exploratory well was "one of the highest flow rates from a single production test in south-

Another exploratory well is due to be drilled in the area, but Mitsubishi and PetroVietnam, the Vietnamese state oil company with which it has a production sharing contract, have decided to begin a feastbility study on the possible development of the field.

Analysts say its proximity to Big Bear, field.

## Swedish call for more telecoms competition

By Andrew Adonis

Mr Per Westerberg, Sweden's minister of industry, yesterday called for a rapid introduction of competition in the provision of telecommunications networks across Europe.

Addressing an FT conference in London on European telecommunications, Mr Westerberg said the liberalisation of telecoms services, as agreed by the EU, was insufficient to give Europe a competitive edge over

"Competition in the intrastructure is also necessary," he said. Pointing to the potential for a new generation of multi-media services using fibre-op-tic networks, he argued that prices had to be cost-based.

"For this to happen I believe there must be competition in infrastructure as well as in all kinds of service.

Sweden, whose application to join the EU now rests with a national referendum, aiready allows infrastructure competition. Within the EU only the UK has adopted the same

Tha European Commission

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has yet to announce its proposals on the issue, but appears to be leaning towards infrastructure liberalisation.

Mr Wim Dik, chairman of KPN, the recently privatised Dutch posts and telecoms com-pany, supported the liberalisa-tion of infrestructure, saying he "welcomed" the prospect of competition at hom

He stressed the importance of alliances between national operators to the future of Europe's telecoms industry as international competition advanced. "If there is more competition in your home market, you have to go abroad, and multinationals are driving the international market," he said.

KPN has formed an international joint venture, called Unisource, with the state telecoms operators of Sweden and Switzerland. Telefonica, the Spanish operator, is an associate

Mr Cándido Velázquez-Gaztelu Ruiz chairman of Telefontca, told the conference that Telefonica was set to join Unisource as a full member next month. "We share its philoso-

phy he said. The addition of Telefonica will strengthen Unisource in its current negotiations for a partnership with AT&T, the largest US operator. AT&T is

anxious to enter the European telecoms market after the success of its smaller US rivals MCI and Sprint in forging alliances with the larger European However, Mr Dik and Mr

Ruiz clashed over the question of universal service obligations on national telecoms operators, an issue slowing progress towards full telecoms liberalisation in the EU.

Mr Dik said market forces should broadly determine telecoms service levels, with any subsidies thought desirable for rural dwellers paid directly to the subscribers.

However, Mr Ruiz argued that national operators should continue to receive subsidies to provide telecoms services to poorer or rural communities. They should either be allowed to subsidise such services from other activities, or competitors should be obliged to pay them a fee to cover loss-making social obligations.

The issue is controversial in Spain, which has recently agreed to forego an EU conces

the aim of giving greater access to each other's airlines. Israel, S Korea

#### sion allowing it until 2003 before licensing "votce" telecoms competitors to Telefonica. Competition in Spain will start in January 1998, as in most of the rest of the

lead WTO

Brazilian diplomats said yesterday that the Argentine government had underlined its support for Brazil's candidate to head the World Trade

According to the diplomats, the support for the Brazilian finance minister, Mr Rubens Ricupero, came in a letter sent by the Argentine foreign minister, Mr Guido di Tella, to his Brazilian counterpart, Mr

celso Amorim, at the weekend The letter follows the cancellation by Brasilia of a proposed visit later this month by the Argentine finance minister, Mr Domingo Cavallo. That came after reports that Argentina -along with other heads of government at the Ibero-American summit last week - had backed Mexican President Carlos Salinas to head the

The diplomats said that Mr

## Argentina 'backs' **Brazil** to

By Stephen Fider, Latin America Editor

Organisation.

di Tella's letter said there had been e misunderstanding about the summit discussions in Cartagena, Colombia, over the new WTO head – which took place after Brazil's president, Mr Itamar Franco, had left to attend a funeral.

Mr di Tella said the Argentines had not understood the

talks to be seeking a consen-sus, and had believed the Bra-zilians had been consulted beforehand on the issue. Mr Salinas, who does not

leave office until the end of the year, has not yet formally declared his interest in the job as head of the WTO, which is to succeed the General Agreement on Tariffs and Trade next

Only one candidate from Latin America is expected to be considered by the new body. Brazil has insisted that Mr Ricupero, the only person to have officially put his name forward, remained a "viable"

#### will have joint control over marketing and sales. The Dutch charter airline will also increase the flight frequency to Orlando to four roundtrip flights every week, up from the current three, reflecting a rise in demand by holidaymakers. Martinair, which already serves Fort Lauderdale, Tampa and Miami, has not previously flown to Orlando, which is home to one of the Walt Disney

theme parks as well as other tourist attractions. The joint-venture service to Orlando has been made possible by the "Open Skies" agree-ment reached by the US and the Netherlands in 1992 with

## in air accord

Israel and South Korea have initialled a civil aviation agree ment that should allow direct flights between the two countries by early next year and considerably boost the tourist trade, writes Julian Ozanne in Jerusalem. El Al, Israel's state owned airline due to be privatised later this year, has said that It wishes to fly to Seoul as soon as possible as part of its route expansion programme focussed on Asia. Israel's tourism ministry, however, criticised the ministry of transport for mishandling the agreement by not providing for the imme-diate establishment of scheduled flights between the two countries.

## Franco-German oil joint venture

A joint venture between units of Germany's Thyssen Lurgi and Technip of France yester-day finalised a DM3bn (£1.2bn) contract for a turn-key oil refinery in Leuna in eastern Germany, AP-DJ reports from Frankfurt. The refinery will process 8.7m metric tons of crude oil annually and will produce high octane petrol and diesel fuel with a low sulphur content. The joint venture to design and construct the refinery was formed in February 1993 but became bogged down in negotiations with authorities in eastern Germany.

#### HK phone deal for Ericsson

Ericsson, the Swedish telecom-munications group, yesterday said it has received an order worth SKr140m (211.8m) from SmarTone Mobile Communica-tions Ltd. of Hong Kong for Global System for Mobile communications equipment to allow SmarTone to expand its subscriber network capacity, AP-DJ reports from Stock-holm. Ericsson will expand SmarTone's original central exchange capacity as well as supply a new Mobile Switch Centre and Base Station Con-

## Japan to make loans to S Africa

By Gerard Baker in Tokyo

The Japanese government is to extend its first ever sovereign loans to South Africa. The credits will be part of a package of measures expected to be unveiled by the prime minis-ter, Mr Tsutumo Hata, at next month's summit of leaders of the Group of Seven industrialised nations in Naples.

Foreign Ministry officials said a mission would leave for South Africa later this week to look et specific projects for infrastructural investment. The total value of the loans on offer would be decided after the mission's report. Likely areas for investment included telecommunications, medical and educational facilities.

The package of measures will also include up to \$500m (£329m) in trade and investments insurance over the next two years, according to the Ministry of International Trade

and Industry (Miti).

sion is in response to a recent US request that industrialised nations increase aid to Pretoria for its economic rehabilitation programme under the presidency of Mr Nelson Mandela.

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The move comes at a time of growing interest by Japanese companies in South Africa. Several utility companies and trading houses have estab-lished trading links since sanctions were lifted in 1991 Last month Sumitomo Corporation. one of Japan's leading trading companies, established a joint venture with Associated Manganese Mines to exploit new

Japan is South Africa's fourth largest trading partner. Until recently the country was one of the few in the world to have a bilateral trade surplus with Japan. But the slump in Japanese domestic demand has been reflected in a sharp fall in imports from South Africa Last year, Japanese exports totalled \$2bn while imports

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## Seoul signals end to Hyundai curbs

By John Burton

The South Korean government yesterday appeared ready to end its cold war with the Hyundai conglomerate hy signalling its willingness to drop financial restrictions against the nation's largest industrial

group.
The Korea securities dealers' association, which receives its guidance from the government, said it would "favourably consider" the registration of three unlisted Hyundai subsidiaries

on the over-the-counter mar-

OTC listing of the three companies – Hyundai Heavy Industries, Hyundai Elevator and Hyundai Housing and Indus-trial Development – in 1992 and 1993, in apparent retaliation for the 1992 presidential hid by Hyundai's founder, Mr Chung Ju-yung.

Mr Chung's presidential campaign was the first political challenge staged by a conglomerate against the govern-

ment's traditional strict control over industry.

Mr Chung, who finished a poor third to President Kim Young-sam, announced his retirement last month from the group'e management in an attempt to end the government's hostility toward Hyun-

The OTC listings would be the first step in ending all state-imposed financial restrictions on Hyundai. The government has prevented Hyundai from receiving

soft industrial loans from the state-controlled Korea Development Bank, issuing bonds in foreign markets, and barred the listing of two other Hyundai companies - Hyundai Mer-chant Shipping and Koryo Industrial Development - on the Seoul bourse.

Hyundai claims that as a result of the financial restric-tions it has had to cancel or postpone some of the projects in its \$5.6bn (£3.7bn) invest-Some of the projects affected

include the construction of two car factorles by Hyundai Motor, the completion of a 16megabit semiconductor assembly line by Hyundai Electronics, and the construction of a \$1.5m shipbuilding dock and generator and turbine production facilities by Hyundai

Heavy Industries.
Government critics have argued that the financial restrictions were detrimental to the economy's growth, since Hyundai is the nation's largest producer of cars and ships.

## 25 die in Iranian prayer hall blast

By Roger Matthews, Middle East Editor

Iran's interior ministry said that 25 people were killed and 70 wounded yesterday when a bomh exploded in a crowded prayer hall in the north east-ern Iranian town of Mashhad.

The Islamic Republic News Agency said the worshippers had congregated at the mauso-leum of Imam Reza to observe the Islamic mourning day of Ashura when the blast

The anthorities in Tehran immediately blamed the Muja-hadeen-e-Khalq, the main Ira-nian opposition group, which in the past few years has been more visible outside the country than within.

However, a statement issued from the Mujahadeen office in Paris "strongly condemned" the bombing. It added: "Sucb criminal actions, which inflict casualties on innocent people only serve the interests of the mullahs' regime."

Mashhad was the centre of serious rioting two years ago when official buildings, banks and shops were attacked and several people killed in pro-tests believed to have been sparked by demolition of slum housing.

The protesters also complained of rising prices and poor living conditions, with the demonstrations apreading to other cities including Shiraz and Tabriz, Hundreds of people were arrested and several

alleged ringleaders executed. There have been reports of minor incidents in Tehran this year, but none causing serious loss of life or damage to buildings. In February sbots were fired during a rally being addressed by President Ali Akhbar Hashemi Rafsanjani.

But with last year's fall in oil prices, the government has fallen further behind in meeting international debt obligations, and inflation again rising sharply, senior Iranian officials have been aware of the risks of further public discontent. Parliament has refused to sanction price increases sought by the gov-ernment and President Rafsanfani's efforts to maintain other economic reforms, such as a single exchange rate, have enough to say no to IMF Reform success allows Cairo to resist devaluation pressure.

Egypt strong

writes Mark Nicholson he fact that Egypt and the International Monehas appreciated in real terms, hut says only "modestly". The tary Fund are in disagreement - this time with Cairo resisting IMF pressure to

it. That Egypt is prepared to resist IMF recommendations out of self-confidence in its economic performance, however, is a more novel phenomenon. The differences surfaced last week, when Egypt admitted that IMF approval for the pres-ent stage of its economic reform programme faced a delay of up to six months and that devaluation was the point of contention. Cairo had otherwise hoped to win the Fund's approval by next month. That in turn was to trigger relief of about \$5bn of external deht under a 1991 deal in which offi-

devalue - has a familiar ring to

cial Paris Club creditors said they would write off half Egypt's then \$40bn debt if it successfully undertook IMF and World Bank reforms. Egypt has already enjoyed two tranches of debt relief

under this agreement, having since 1991 undertaken "remarkable and broad rang-ing reforms", in the words last week of Mr Ram Chopra, director of the World Bank's Middle East department. And senior Egyptian officials say they are confident of winning the third

and final tranche by the year's end. But they will do it, they say, Egypt's rather than the Fund's way. From near bankruptcy in late 1990, Egypt has cut infla-tion hy a third to less than 7

per cent, sliced its budget deficit from 18 per cent of gross domestic product to less than 2.6 per cent, and padded reserves from two weeks of import cover to more than 18 months. All this while liberalising trade and the banking and capital market sectors and streamlining and improving

the tax system.

Egypt has also defied tradition by holding the Egyptian pound stable at around EC3.3 to the dollar for the past three introduction in 1992 of positive real interest rates for the first time in decades. This stability the government prizes as among its most cherished achievements, one which ministers say does more than anything to establish international confidence in tha economy.

The IMF believes Egypt can no longer afford the cost to its export competitiveness of an exchange rate 25-40 per cent overvalued

But the IMF now believes Egypt can no longer afford the cost to its export competitiveness of an exchange rate it reckons may be 25 to 40 per cent overvalued. It believes equally that Egypt cannot sus-tain indefinitely the high real interest rates (three-month T-hills are at 12.2 per cent) without constraining growth. So the Fund is urging more flexibility on both counts.

"We will never devalue," Mr Atef Obeid, the public sector minister, said flatly last week, describing such a move as "destructive" and "destabllis-

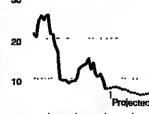
Chief among Egyptian officials' reasons, perhaps, is that they fear devaluation might jolt hard-won confidence in the currency and threaten both to halt healthy flows of hard cur-rency - much of it in remittances from Egyptian workers and to reverse the process of "de-dollarisation" of the economy. Today just 23 per cent of broad money supply is held in dollars, against 57 per cent before the reforms.

Mr Obeid agrees the pound

government also appears convinced that this overvaluation is correcting itself. Inflatioo, at 6.89 per cent year on year, is undercutting IMF targets and should fall further during the next few months, eroding the differential between Egypt's and its main trading partners inflation rates - a differential of roughly 3 percentage points.

Officials suggest that the benefits to export competitive-ness will not outweigh the potential threat to confidence. While a devaluation might directly improve the competi-tiveness of non-oil exports, recent rough and ready figures suggest they are already rising by an annual 14 per cent. The government claims, meanwhile, to be taking an axe to

Consumer Price Index



Jul 91 1992 1993 1994 96 Jul Source: Government projections based on IMF estimates

the forest of fees and charges facing Egypt's small export industries, which some esti-mates suggest can add 12 per cent to an exporter's costs.

The government can also argue that non-oil exports bring in only about 15 per cent of Egypt's hard currency earnings, the bulk of which come from Suez Canal receipts, remittances and oil exports.

Senior officials also suggest that a greater impediment to export growth than the exchange rate is the relative backwardness of Egyptian companies in export ence. "Our entire economic policy is geared towards the tradeable sector," says Mr You-sef Boutros Ghali, minister for international co-operation. "But I deeply believe the Issue of competitiveness lies in the technical competence of our exporters - this is what we

need to worry about." None of which provides much cheer for the IMF; neither for the numerous bankers and husinessmen who have long sought a devaluation - to perhaps E£3.8 or E£4.00 to the dollar - and, perhaps more urgently, a relaxation and re-alignment of interest rates. All believe the future of Egypt's export sector - on which they also argue rests Egypt's economic future - depends on

improving competitiveness. Officials do not appear to rule out a continued shaving of interest rates and perhaps slight slippage in the pounddollar rate. But the government appears otherwise content that the main macro-economic variables are under control. The reforms are at last becoming, some ministers

believe, "irreversible". There are signs in the last few months that growth has started to pick up after the depressing effects of the stabilisation programme. Indicators such as cement sales, holding companies' turnover, power consumption, rail freight and others point to growth of about 2 per cent. Bank credit to the public sector is up 21 per cent and to the private sector32 per cent. A recent lull in attacks by Islamic militants might also lift some gloom from the tour ism industry.

ont for the next five or six months and hope that inflation will fall further, exports will continue to grow and that hy the end of the year, it will have been vindicated. "The numbers will bear us out," says a senior

## Surge in growth rate seen for India

By Nancy Dunne in Washington

The reform process in India, begun in 1991, could enable growth rates to surge to levels experienced by its East Asian neighbours, the World Bank said yesterday.

In a report before the June

30 meeting of the Paris Club Aid India Consortlum, . the bank praised the "remarkable" success at improving current and capital external accounts. Growth rose from 2 per cent in 1991-92 to about 4 per cent in the last two years and manufacturing, which initially dipped, has recovered to a modest growth of 2 per cent.

Foreign investment has soared to an unprecedented \$4.7bn (£3.1bn). But inflation, after declining to about 7 per cent in mid-1993, has been ris-

ing again, the report said. For India to fulfil Its growth potential, however, it must strengthen public finances and improve infrastructure. "Reform should be hroadened to include sectoral ministries, public enterprises and state government while at the same time intensifying efforts to strengthen social safety nets." The Bank warns that India

must improve its fiscal performance. "At 66 per cent of GDP by the end of 1993-94, the central government debt (90 per cent of the consolidated central and state governments debts) is relatively high, interest payments already claim over half of central government fiscal revenues," It said.

in the finances of public enterprises and the states. The bank said it was "essential" india accelerate reform of public enterprises, which generate one-fourth of the country's non-agricultural GDP.

"Where restructuring exercises must precede large scale disinvestment, public enterprises' managers need to be given the authority to mobilise the resources necessary for financial restructuring, undertake large scale retrenchment and associate interested pri-vate parties where possible."

## Taiwanese cool to China call

By Laura Tyson in Taipel

Taipei has responded coolly to a request from Beijing to resume high-level contacts, insisting questions relating to the March murders of 24 Taiwanese tourists in China he addressed first, a government

official said yesterday.
On Friday, Mr Wang Daohan, Beijing's chief negotiator for Taiwan affairs, faxed a letter to his Taiwanese counterpart seeking an "urgent meeting" to resolve differences -the first time the two would meet since 1993's ground-breaking talks, when officials from both sides held talks for the first time in more than 40

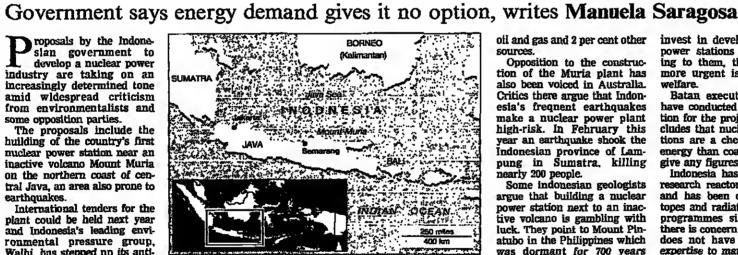
"We have sent nine letters to the Chinese side about the tourists." a spokesman for Taiwan's Mainland Affairs Council said. "We want to resolve the issue. But so far we have received nu answer".

The Qiandao Lake incident occurred when the tourists were rohbed and their boat torched. Three Chinese were executed, but Taiwanese suspect they were scapegoats. China has been accused of covering up military involvement.

## Correction

## World Development Report

A headline and introductory paragraph in the international edition of yesterday's Financial Times referred to \$200bn a year in donor nations' infrastructure investment. The \$200bn was out limited to donor nations' investment.



People in the small town of Yingde, in China's southern Guangdong province use a boat to make their way down the street after

severe flooding which has caused many deaths. The floods rose higher yesterday as rains lashed the southern provinces of Hunan,

Guangdong and Guangxi. State media assessments at the weekend put total deaths in excess of 400, with an estimated 160,000 homes

stroyed and economic losses running into the tens of millions of dollars, and the lives of 20m people affected.

Batan predicts that at forecast rates of increased energy demand, Indonesia faces becoming a net oil importer within the next 10 to 15 years. Although the country has coal reserves for another 300 years, the environmental impact of coal-fired electricity generation

limits possibilities. "We have to go nuclear one day," says Mr Hartato, co-ordinating minister for trade and industry. "There is no doubt about lt.

We believe it is not good to rely on a single source of energy," says Mr Soedyartomo Scentono, deputy director general for nuclear industrial research and development at Batan. Critics retort that with so many alternative supplies of energy in the country, includ-

energy and gas resources, it does not make sense to make nuclear power a priority.

Critics of Indonesian nuclear energy

plans oppose inactive volcano site

Mr Soentono, however, says geothermal and solar sources of energy could not generate enough power to satisfy the requirements of a rapidly industrialising area. He also argues that Indonesia's buge gas deposits are located too far from Java and Bali.

"The government's main policy is to diversify its sources of energy," Mr Soentono adds. Batan says thet in 1992 86.1 per cent of the country's energy supply came from oil and gas, 7.8 per cent from coal, and other sources accounted for 6.1 per cent. By 2019, Batan predicts 6 per cent of the country's energy supply will come from nuclear power stations, 54 ing geothermal and solar per cent from coal, 38 per cent

Opposition to the construction of the Muria plant has also been voiced in Australia. Critics there argue that Indonesia's frequent earthquakes make a nuclear power plant high-risk. In Fehruary this year an earthquake shook the Indonesian province of Lampung in Sumatra, killing nearly 200 people.

Some indonesian geologists

argue that building a nuclear power station next to an inactive volcano is gambling with luck. They point to Mount Pinatubo in the Philippines which was dormant for 700 years before it erupted in 1992. Batan says the volcano in the Muria peninsula has been dead for 340,000 years.

"I would not call it a volcano, I would call it a hill ..., says Mr Soentono.

Environmentalists are also concerned at plans eventually to privatise the Muria plant. Batan insists the government would continue to ensure safety requirements are met even if the plant is sold off. The government says it will create a nuclear regulatory

It is estimated that the cost of building the Muria plant will be ahout \$2bn (£1.3hn). Opponents of the scheme are angry that Indonesia, which has a foreign deht of between \$90hn and \$100hn and an annual per capita gross domestic product of \$660, should

power stations when accord ing to them, there are other more urgent issues, such as welfare. Batan executives say they

have conducted a cost evaluation for the project which concludes that nuclear power stations are a cheaper source of energy than coal. They do not give any figures. Indonesia has three nuclear

research reactors, all in Java, and has been developing isotopes and radiation processing programmes since 1964. But there is concern that Indonesia does not have the technical expertise to manage a nuclear "We do not have a high-tech

culture," says Mr Muhammad Anung, programme manager for energy at Walhi. Opponents of the scheme will have to fight hard to be

oil and gas and 2 per cent other invest in developing nuclear

heard since support for the development of nuclear energy comes from the government's highest quarters. The proposal is one of the pet projects of Mr Jnsuf Habible, Indonesia's enthusiastic minister for research and technology. President Suharto has also indlcated his support. Mr Rablhie has promised

that the public will have the final say in determining whether the Muria project goes ahead. Critics are sceptical. "Habibie's statement is purely political," says Mr Anung at Walhi. "I think they will go ahead and build it anyway."

# Elders ex-executive pleads guilty to forex charge

By Nikki Tait in Sydney

Mr Kenneth Jarrett, a former executive of Elders IXL, the Australian brewing and agriproducts group, has pleaded guilty to involvement in a A\$66.5m (£33m) foreign exchange scheme which was allegedly fraudulent, and was said yesterday to be willing to give evidence

increasingly determined tone

amid wldespread criticism

from environmentalists and some opposition parties.

The proposals include the

huilding of the country's first

nuclear power station near an

on the northern coast of cen-

tral Java, an area also prone to

ronmental pressure group,

Walhi, has stepped np its anti-

A feasibility study for the

construction of the plant was

completed by New Japan Engineering Corporation earliar this year hut details of the

study have not been made pub-

lic. If all goes as planned, Indonesia could have a work-

ing nuclear power station by

Proponents of the nuclear

energy scheme at Batan, the state's national atomic energy

agency, argue that soaring

energy demand in the Java/

Bali grid, which is home to 70

per cent of Indonesia's 180m

people and accounts for 80 per

cent of Indonesia's total energy

requirements, leave the coun-

try with no choice but to go

nuclear. There are also propos-

als for 12 nuclear power sta-

tions in Java and Bali over the

against his former boss, Mr John Elliott. According to Mr Brind Woinarski,

Crown prosecutor, who is pursuing charges of conspiracy and theft against Mr Elliott, Mr Jarrett and five other individuals previously connected to the Elders IXL group in relation to these forex dealings, Mr Jarrett has co-operated fully and intends to give evidence against his former colleagues, including Mr Ell-

Mr Jarrett pleaded guilty in the Melbourne Supreme Court to one count of failing to act bonestly as an prominent Melbourne based husl-

officer of the company, hetween April 1986 and June 1990. Mr Womarski told the court the

Crown was alleging Mr Elliott decided who would be involved in the foreign exchange scheme and who would benefit from it. It was also alleging Mr Elliott and Mr Peter Scanlon, another Elders IXL executive, were the architects and instiga-

tors of the scheme. The charges against Mr Elliott, a

and the other individuals, were filed shortly before Christmas. The theft and conspiracy charges related to two foreign exchange transactions, between Elders and the Bank of New Zealand, and then between the Bank of New Zealand and companies connected to executives of Equiticorp,

the failed New Zealand-based group. Elders is said to have apparently made losses totalling A\$66m on the

nessman and former president of the Australian Liberal party. Mr Jarrett the Equiticorp entities. The authorities allege the transactions were used to funnel money to Mr Allan Hawkins, Equiticorp's now-jailed former chief executive.
Mr Elliott, released on A\$450,000

bail, has consistently maintained his innocence. He has claimed the National Crime Authority had overstepped its jurisdiction in pursuing these matters, saying he had become the victim of a political conspiracy.



Elliott: 'conspiracy victim'

# Ecuador land | Colombian poll victor may shift course protests grow Sarita Kendall on Samper's election win

By Raymond Colitt in Quito

Protests by Ecuador's indigenous population have closed some of the country's main motorways, hitting commerce and isolating several

The protests, entering their second week and becoming increasingly violent, were sparked by a land reform law approved by President Sixto Durán Ballen on June 13 which critics say halte popular land redistribution programmes.

In the central highlands, roadblocks have virtually cut off Ambato and Cuenca, Ecuador's third and fourth largest cities, resulting in supply shortages and price increases. The Pan-American highway has been blocked by protests from some 200 indigenous communities at several junctions in Cotopaxi Province.

About 40,000 indigenous people gathered in the provincial capital Rio Bamba to demand

In Ecuador's Amazon region several access roads to oilwells are also reported to have been blocked. Last week a protester was shot dead by a motorist trying to crash the barricades. Clashes between irate motor-ists and Indians armed with machetes have left dozens

Some governors are asking President Durán to declare a state of emergency; others say they would annul the so-called agricultural development law. Critics of the law say it ends 25 years of land redistribution. Indigenous peoples, making up 40 per cent of Ecuador's population, are now denied communal land and water rights, they

leaders were due to hold their first talks late vesterday. Yet prospects for an immediate ment has said it will not repeal

🕆 olombians opted by a self a strong supporting faction being assassinated. Mr Samper narrow margin on Sunday for a continuation of Liberal party rule, but the new president-elect Ernesto Samper is viewed as likely to shift the emphasis of government economic policy.

In the second round of the election, Mr Samper polled just 1.8 percentage points more than his rival, the conservative

Abstention was unexpectedly low at about 55 per cent and, with 98 per cent of the results in, Mr Samper had polled 3.7m votes. In his victory speech, he told supporters he had received a "social mandate" – a reference to the priority he gave to increasing social investment throughout his campaign. As he spoke, he was joined by two former Liberal presi-

lents - a reminder that the Liberal party is the most powerful machine in Colombian

Mr Samper, 43, who started as a Bogotá city councillor and moved to the senate, built him-

along the way. When he starts his four-year term as the third successive Liberal president, on August 7, there will be a Liheral majority in both Houses of Congress.

Early in his career Mr Samper headed the National Association of Financial Institu-tions, a kind of economic think tank, and produced a document arguing for the legalis-ation of marijuana. But when Colombia's Supreme Court depenalised drug use last month, he was quick to warn of the dangers of a massive growth in consumption in a country where drugs are so cheap and easy to obtain.

Like the present administration, he sees Colombia as a victim of the drug-consuming countries and says he will continue with the current policy of encouraging traffickers to surrender in exchange for reduced

In 1989, when car bombs were exploding in city centres and political leaders were However, his own pro-

was hit by more than a dozen bullets and was lucky to survive. Four bullets are still there. This, he says, made him feel he had been given a second chance and increased his determination to become president and try to bring peace to Colombia. Mr Samper is a moderate with a strong populist streak and a sense of humour

campaign. For the first time, Colombia will have a vice-president: Humberto de la Calle, a former cabinet minister who is likely to be an active partner, particularly on international issues.

that was suppressed during the

In his victory address, Mr Samper paid tribute to President Cesar Gaviria in whose government he served as minister of economic development. He said the president's "vision. and valour have given Colom-hia a great modernising drive which we shall continue with

gramme is centred on tackling



Samper and wife celebrate his victory in the Colombian presidential election

some of the problems associ-ated with the opening up of the economy over the last five years, such as the gap between rich and poor and city and

Colombia's economy grew by 5.3 per cent in 1993 and, with the recent improvement in coffee and oil prices, this year's growth rate should be similar. But construction and services have been doing much better

than agriculture, industry and mining; non-traditional exports have risen very slowly while imports are soaring. Mr Samper's plans to create 1.5m new ohs includes an export promotion programme as well as industrial modernisation and the rehabilitation of the coun-

Although Mr Samper says he will continue to work towards Latin American integration, he favours a stronger state role on sectors such as agriculture. Badly-needed investment in roads, bridges and ports, are also on his agenda. The extra income due from the Custama oil reserves from 1995 on will provide great opportunities but Mr Samper is aware of the potential problems and is concerned to prevent further revaluation of the Colombian

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## **WORLD CUP**

## Nigeria could be Africa's last hope

Simon Kuper in Boston finds the African challenge led by the continent's more stable countries



His team are making their first appearance in the finals, and are expected to beat Bulgaria in a Group D first-round match in Dallas today. But despite the hype, African soccer may be getting worse, not

Certainly Nigeria look the strongest African side ever to make the World Cup finals, stronger, certainly, than this year's Cameroon and Morocco. I do not wish to exaggerate, but the Nigerian players are tremendous skills, particularly their two strikers, Daniel Amokachi and

Rashidi Yekini. For various reasons, no Nigerian defender has played league soccer recently: one player was suspended for six months for calling a Belgian referee a racist. But the team captured the African Nations Cup in April, and some European pundits think the Nigerians will do extremely well in the US.

European pundits have always loved to say that an African side will win the World Cup one day. The prediction sounds grandiose, cannot immediately be disproved, and is kind to the Third World.

But Africa gets poorer by the year, and African soccer suffers too.
"The scissors of European and African football will separate even fur-ther," predicts Joachim Fiskert, the German manager of Congo. The World Cup is the main sporting event - perhaps the main event, full

stop - for most African countries, yet over 20 of them failed to enter the current competition.

The obstacles were famine or civil war or lack of funds (or all three), while Libya could not travel due to a UN air embargo. Zambia did enter, but its players died when the ancient military aircraft carrying them to Senegal fell into the Atlantic. The Zambian FA had been unable to afford a regular airline.

Or take Ethiopia, one of the African countries which managed to play all its qualifying matches for this World Cup. The Ethiopians' first match was in Morocco. The team flew via Rome, where their five key players sought political asylum. That left eight players to contest the match.

The reserve goalkeeper, the assisand Ethiopia began the game with 11 men. By half-time, however, two of the volunteers had dropped out exhausted, and Morocco led 5-0. Early in the second half, three more Ethiopians gave up. With just six players left standing, the referee ended the game. Ethiopia did not make the finals.

The three African teams that are here, Morocco, Cameroon and Nigeria, are among the continent's richer countries, though Nigeria and Cameroon are slipping fast: both had to ask their fans to help pay for their World Cup prepa-

History shows that except for Zaire in 1974 - and they failed horribly - only relatively rich, stable African countries have qualified: Tunisia, Algeria, Egypt, Morocco, Nigeria and Cameroon.

squad. The country's president, Paul Biya, has repeated his 1990 feat of personally picking Roger Milla for the national team. This time Milla is 42 rather than 38 years old. and the French coach Henri Michel does not want him along, but President Biya has been unloved since the elections in 1992, and was obliged to try something. Milla had predicted a "revolution" were he

not selected. Political interference is the norm in African soccer. When I asked Niger's sports minister whether he picked the national team, he replied: "It comes with the job." King Hassan of Morocco is said to have a direct telephone link to his team's bench. Nigeria's military rul-

"the Nigerian federal character" players from each main tribe, please though most of the time Westerhof is his own man.

"Cameroon did very well in Italy," he says. "But we want to do better here and I know we can." When Cameroon reached the quarter-finals in Italy in 1990, the world's bookmakers were shocked. They should not have been. In 1978 Tunisia beat Mexico 3-1

and were unlucky to draw 0-0 with West Germany. Four years later Algeria beat West Germany and Chile, and Cameroon gained three draws in three games, while in 1986 Morocco won England's group. At each World Cup the Africans do

the African game is finally coming of age. In reality, it has not advanced much in the past 16 years. All over Africa you will find boulevards, squares and even churches re-named after Roger Milla, the continent's hero of 1990. The World Cup matters more to Africa than to any other part of the world. Only in sport, explains the Cameroonian writer Celestin Monga, "is the African really perceived by the big

to the history of humanity. Every quartier in Africa will be spending the next month around a TV set. Let us hope Westerhof was not just not boasting.

of making a valuable contribution



stable shows up in this year's Cameroon's François Omam-Biyick beats Swedish keeper Thomas Ravelli to score in Sunday's 2-2 draw

## Strong TV interest in host nation's debut game

By Patrick Harverson

by a US team on American soil was watched by a surprisingly large domestic television audience, according to preliminary ratings. Although the US-Switzerland game at the Silverdome in Pontiac, Michigan, last Saturday started as

The first World Cup game played

early as 11.30am, it attracted a 5.8 rating on the ABC network in the 29 largest US television markets. of 941,000 homes The US national team's World

Cup opening game ended in a I-1 draw. In comparison, ABC's broadcast later the same day of the third round of the US Open golf tournament – traditionally a strong draw among sports fans - earned a 5.0

The 5.8 rating for US vs Switzerland was an average for the two-hour broadcast. The data showed that as the game progressed, more people turned on their sets to watch it, with the final 30 minutes earning a 7.2 rating. ABC, which normally does not

broadcast sports programming so early on a Saturday, was surprised by the strong rating for the US-Switzerland game. Mark Mandel, director of sports information for ABC, said the network was "very pleased...particularly as the game was on so early." He added: "We're off to a great start."

Corporate sponsors of the tourna-

rating for the first US game. Eric Kraus, a spokesman for Gillette,

which is advertising heavily on television during the tournament, said: "The high rating shows that there is a great deal of enthusiasm for World Cup soccer to the US, and that it is really catching on."
Jackie Woodward, director of sports marketing at McDonald's, another big advertiser, said: "We're thrilled."

Although the US-Switzerland rat-

mericans were not interested in the World Cup wrong, it is still too early to judge whether enthusiasm for the tournament is broad-based, or sustainable.

The preliminary ratings for the weekend games shown on ESPN, the cable sports channel which is sharing World Cup coverage with ABC, are not yet available, and the real test for ABC will come when it broadcasts a game not involving the US team.

## Germany goes for win and place in second round

If they beat Spain today at Soldier Field, Chicago, defending champions Germany could become the first of the 24 World Cup teams to clinch a place in the second

"We don't have a team that knows how to play for a draw," said coach Berti Vogts. "We are an offensive team and that's how we'll play." Vogts gave no clue whether that meant a recall for veteran striker Rudi Voller.

Germany beat Bolivia 1-0 in the Group C opener last Friday, while Spain wasted a 2-0 lead against South Korea, drawing 2-2. Worse for Spain was the red-card expulsion of captain Miguel Angel Nadal for an untimely tackle. Nadal was later given a two-

Spanish coach Javier Clemente has criticized Fifa, soccer's governing body, for penalising Nadal more harshly than the usual onematch suspension. "I think it's totally unfair and out of proportion," he said. "I don't under-

Vogts said it would be dangerous trying to go for a draw. "In 1984 we tried that against Spain and we were brutally punished," he said, referring to the European

"Spain has more at stake and I expect them to be cantious, to play defensively, to wait for our mistakes and then hope to get three points against Bolivia," he

German defender Thomas Strunz, who missed the Germans' first game because of a hamstring injury, is expected to play against

#### Chinese authorities urge restraint

turn their TVs low and stop shonting "Goal!" late at might. China did not qualify for the fluals, but millions of soccer followers are staying up late to watch matches live on state-run television.

In a front-page commentary, the Communist Party's People's Daily told fans: "Keep the TV down low. When you see a great goal, keep your emotions under control. Don't shout londly or applaud." Fans were urged to "guard against accidents happening [at work] because of lack of

sleep."
The time difference between China and the US means that many of the World Cup matches are broadcast in the small hours of the morning.

Nagoria vs Bulgaria Dalias (00:30 BST)

Germany vs Spein Chicago (21:00 BST) Romania tighten

up team security Romania clamped down on media access to its team after a television crew from Colombia broke into a player's botel room, the team's press officer said yester-The incident happened at a Los Angeles hotel before Romania's

first game against Colombia, which Romania won 3-1 with some eye-opening play, "We found a Colombian television team in the bedroom and told them to leave. Ten minutes later we found them in the dining

zerland in Detroit.

m," press officer Radu Timofte The Romanians have banned journalists from all the side's practice sessions before tomorrow's Group A game against Swit-

#### Chariton's wake-up call to sportswriters

Ireland's coach Jack Charlton said that sports journalists should wake up. Asked how the Irish could upset Italy 1-0 in their opening Group E game, Charlton told reporters: "You keep writing us off and we keep beating people. When are people going to realise that we have some players?"

#### High achievement for US grass

American grass growers have risen to the World Cup challenge. Sod growers have made valiant efforts to see that the world's best soccer players have a prime plot on which to play.

Of the nine World Cup venues the surfaces of eight were entirely replaced. Large rolls of Kentucky hluegrass, hybrid Bermudagrass, perennial ryegrass and Tiffway II hyhrid have been shipped to Michigan from California, to Chicago from Colorado, to New Jer-sey from North Carolina and to

Boston from Rhode Island. "The US may not lead the world when it comes to the game of soccer," said an expert, "but the contribution we can make to playing conditions is unmatched."

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# marked by frustration

The British government and companies with US operations reacted with frustration to the Supreme Court's ruling against Barclays Bank in ita long-standing feud with the atate of California over the imposition of a system of uni-

tary taxation.

The Confederation of British Industry said: "We are extremely disappointed to hear this news and are awaiting full and the same awaiting full th details to understand its implications.

The inland Revenue said:
"We are naturally disappointed and we are awaiting further details."

It appeared unlikely the gov-ernment would enact legislation to permit potential retaliatory action against US companies in the UK in the event of a court decision sup-

porting unitary taxation. Many companies and professionals had expected the decision to go against Barclays, and downplayed its ramifications now that companies could opt to he assessed instead on a water's edge basis, which assesses only income

within US borders. Others expressed fears that the Supreme Court's decision could trigger other US states to impose unitary tax. It also permits California to reintroduce

Barclays said last night it was currently "chewing over" the "very long and very detailed" text of the Supreme

Court judgment.
The bank is believed to have already handed over np to s30m in taxes assessed by Cal-iformia on the unitary basis in connection with its operations from tha mid 1970s up until 1983. As a result of the judgment, it may have to hand over another \$10m in taxes in dispute since that time. Barclays withdrew its retail and most other operations from Calif-

The company said last night: "We naturally regret that the court has arrived at this decision in relation to what is an important issue of international taxation. It affects not only Barclays but also numerous other UK and foreign-owned multinationals.

"Any weakening of the certainty provided by the internationally accepted arm's length approach to taxation is likely to have adverse consequences

for world trade generally."

Mr Tony Hughes, an international tax partner with Coopers & Lybrand, said: "This decision is not unexpected because of the degree of political pressure. I don't expect to see any retaliation hecause there is not much at stake. But there would be a war if unitary tax

# UK reaction Unitary tax ruling difficult to assess

Implications of US court decision on California method are unclear, writes George Graham

he US Supreme Court's deci-sion yesterday in favour of California ends a 17-year legal battle by Barclays Bank and a host of other foreign multinationals and governments against the state's world-wide unitary method for assessing corporate income taxes.

The decision, by a 7-2 majority of the nine-member court, removes an immediate cloud from California'a overcast fiscal horizon: the state will not have to refund more than \$1.4bn it has already collected under unitary ments, and is likely to be able to collect another \$500m next fiscal year in assessments that have been frozen for the last 10 years because of

the litigation. That is no small windfall for California, which has yet to pass a budget for the fiscal year that begins next ek. But the implications for the future of the unitary method of taxation are less clear.

Although the Supreme Court decision apparently leaves the way clear for states to adopt the method, practical politics are likely to deter most from accepting the invitation.

Last year, the British government set its wheels in motion for retaliation

against Californian companies by the denial of a tax credit, a move which was partly responsible for the state's decision to change its tax law in a way that essentially gives foreign companies the right to opt out of uni-

The UK legislation anthorising

retaliation remains in effect. The state of California should be under no illusion," said Mr Peter Welch, who heads the unitary tax campaign, a UK business coalition that has battled the tax for years, "that if British business should be penalised in the future or if any other state should damage the interests of British companies by the imposition of worldwide unitary tax, then there will be a tidal wave of pressure upon the UK government immediately to institute effective retaliatory mea-

There are, in fact, many cases where foreign companies can benefit from unitary assessments, if their profitability in California is higher han elsewhere.

This is particularly true under the current California system, which allows taxpayers to choose between unitary assessment and a method called "water's edge", which assesses only income within the borders of the US and which comes close in its effect to the arm's-length method embraced in all international tax trea-

"What we now have is what I call the Burger King system of interna-tional tax accounting: Have it your way," said Mr Brad Sherman, chairman of the State Board of Equalisation, California's tax author-

Several multinationals operating in California choose the water's edge method on principle, even though it



Ginsburg, left, delivered judgment; Thomas dissented

costs them more, because of their objections to unitary assessment.

The arm's length method is based on the simple principle that only income earned in a particular country or state should be taxed by that gov-

Companies are required to account for movements of goods and services between their subsidiaries at arm'slength transfer prices - the same as they would charge to an unrelated

Its practical application, however, can be very complicated. Many governments fear that multinational companies can change the amount of tax they pay within a particular country

by manipulating transfer prices. Several US states have found the unitary method appealing because it is easier for the collecting agency to assess: a company's taxable income inside the state is calculated by multiplying its total worldwide income by a factor based on the proportion of its property, payroll and sales located

inside the state. But because it conflicts with the arm's-length principle used everywhere else, unitary assessments can lead to double taxation, as a company may not be able to deduct from its taxable income in its home country the unitary tax assessed oo it by a US

Justices Sandra Day O'Connor and Clarence Thomas, in dissenting from yesterday's decision, cited the risk of double taxation.

The Supreme Court bad already ruled in 1983, in the Container Corporation case, that California'a unitary system was legal when applied to US companies, but expressly set aside the question of whether it could he

applied to foreign businesses.

The essence of Barclays' case was that unitary taxation, because it conflicts with the arm's length principle preferred in international tax treaties, interferes with the federal government's right to speak for the US with a single voice on matters of international commerce, and is therefore unconstitutional.

But Justice Ruth Bader Ginsburg, writing for the court, said that the federal government had had the opportunity to prevent etates from using the worldwide unitary method, but had not done so.

"Congress has focused its attention oo this issue, but has refrained from exercising its authority," Mrs Gins-

Colgate-Palmolive'e case, heard in tandem with that of Barclays, was that to exempt foreign but not domestic companies from unitary taxation would be unfair. To win, it would have had to persuade the Supreme Court to contradict its earlier Container decision, the sort of reversal that the justices only rarely contem-

## Court to rule on candidate curbs

By Jeremy Kahn in Washington

arian kapiya in one spaces

Contract to Australia

The US Supreme Court yesterday agreed to decide the constitutionality of laws members of Congress can run for re-election. restricting the number of times

In congressional elections over the past four years much has been made of the public's anger with long-time incumbents, who are often perceived to be out of touch with voters and the cause of corruption and political gridlock in Wash-

However, incumbents are hard to defeat because they usually have political and financial resources far exceeding their challengers.

The populist anti-incumbent movement has led to enactment of term-limit amendments in 15 states.

At issue in the case the Supreme Court said it would hear is an amendment to the Arkansas state constitution that prohibits senators who have served two six-year terms and House members who have served three two-year terms from appearing on the ballot.

An Arkansas court invali-

dated the law in March, citing a 1969 Supreme Court decision that Congress cannot, except in the case of impeachment and conviction, exclude any member meeting the constitutional qualifications - minimum age, US citizenship and state residency.

## Canada to reform rules on VAT

By Bernard Simon in Toronto

Canada's Goods and Services Tax (GST), the value-added levy introduced in the face of a public uproar three years ago, will ımdergo several changes if the government accepts a report due to be tabled late yesterday.

However, the auggested reforms fall far short of prom-ises by the now-ruling Liberal party during last year's election campaign to scrap the controversial tax.

The House of Commons finance committee was asked to draw up alternatives to the GST shortly after the Liberals took office last November. Among its main recommendations, according to leaked versions of the report, is a proposal that the tax he made less visible by including it in the retail price of goods and services, rather than adding it at the cash register.

The committee bas also reportedly urged that the tax be broadened to include gro-ceries and prescription medi-cines. In this way, the rate could be reduced from the present 7 per cent to about 5.8 per cent.

The most politically sensitive part of the report is likely to be a proposal that the federal tax be harmonised with retail sales taxes levied by nine of Canada's 10 provinces. With the exception of Quebec, the provinces have so far resisted Ottawa's efforts to roll their taxes, which vary from 7 per cent to 12 per cent, into the GST.

The GST was introduced by the former Progressive Conservative government to replace a manufacturers' sales tax, and accelerate a shift from direct to indirect taxation. Although widely welcomed by business, the new tax became a rallying point for Tory opponents.

## US health bill must cover all - Clinton

President Bill Clinton yesterday challenged Congress hy saying it must pass a bealth reform hill that covers all Americans - as his plan does - instead of a watereddown version, AP reports from Washington.

"We should not walk away from this Congress without a commitment to cover everyone," Mr Clinton said in an interview on NBC television.

The president spoke a day after Senator Daniel Patrick Moynihan, chairman of the Senate finance committee, said there was no way that Con-gress would pass a hill guaran-teeing healthcare for all Americans. Mr Moynihan said It was more likely that Congress would enact a scaled-down plan with the potential of insurance for everyone

within 10 years. "It doesn't have to be done tomorrow," Mr Clinton said.
"It ought to be phased in over
a period of just a few years,
but we ought not to walk away without a hill that provides health care to all Americans." Mr Clinton has made solving

the healthcare crisis a top priority. More than 37m Americans have no health insurance, and Americans must spend a larger amount of their incoma on medical expenses than residents of

most developed countries. Some measures in Congress envisage insuring 91 per cent of Americans. Ms Donna Shalala, health and human services secretary, has released a report showing 17.2 per cent of Americans were uninsured in 1992, up from 12.5 per cent in 1980. Most uninsured are middle class people, she said, hard-working Americans "who get up and go to work every day, yet, every day they must live without the security of health insurance."

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\*\*URBAINLY VENEZUELA, VENEZUELA, VETNAMA, VIRGIN ISLANDS, HEAD OFFICE, FOPPINGADREEF ZZ, TIEZ BS AMSTERDAM, THE NETHERLANDS TELEPHORE (31-201628) 93 93

By David Owen and Tim Coone

Sir Patrick Mayhew, the Northern Ireland secretary, yesterday gave his strongest hint to date that the British government is considering internment without trial as part of its response to the latest upsurge in sectarian violence in the province.

His comments came as London signailed that a meeting between Mr John Major and Mr Albert Reynolds, the Irish prime minister, in Corfu this week could give significant new impetus to efforts to forge a lasting political settlement in Ulster. Downing Street made it clear it had

sgreement on new constitutional arrangements in time for the next Angle-Irish summit in mid-July. Last Friday, Mr Dick Spring, the Irish foreign minister, had warned the

document was unlikely to be completed in time for the summit. Mr Gerry Adams yesterday added his voice to those urging republicans not to retaliate for Saturday night's shooting in which six Roman Catholic

men were killed by loyalists.
The president of Sinn Féin, the IRA's political wing, appealed to "those I represent" for calm and restraint. He said republican leaders

would reconvene to discuss Sinn any agreement. Although London is Féin's response to last year's Downing anxious to encourage Dublin to move Street Declaration "within days,"

With pressure again mounting on London and Dublin to show that their efforts are making headway, officials representing the two governments are understood to be working from the same draft of the proposed framework

But important differences are said to remain over what the document will say on future north-south institutions and Dublin's constitutional claim over the province

This is seen in Whitehall as the key trade-off that will be at the core of

further towards rescinding its territorial claim, officials see little point in granting concessions on north-south relations that would be rejected out of hand by unionists.

In Boston yesterday, Mr Reynolds underlined Dublin's preparedness to support constitutional changes, provided this was part of "a balanced constitutional accommodation."

In Lisburn, the town where the Brit-ish army in Northern Ireland is headquartered, Sir Patrick said it was "not for nothing" that the British government asked MPs to renew a provision

for internment every year. He said the provision had been retained because the government believed circumstances could be "envisaged" in which it would be "necessary to use that power."

Ministers have come under pressure from unionists and Tory backbenchers to intern suspected terrorist ring-leaders as part of their response to Saturday night's shooting. Government insiders believe such a

move is still some way off, however, not least because of the difficulties it could present the Irish government whose co-operation would be required if the exercise was to be effective.

Sporting

**England** 

and Pete Sampras succes

men's title at Wimbledon.

The sporting summer moved into high season yesterday as

England saved the second Test

against New Zealand at Lord's

opened his defence of the

Combined with television coverage of the World Cup and the US Open golf champion-

ship from Oakmont, Pennsyl-

vania, the British public was

able to watch 13 hours of sport

on BBC TV alone. England closed at 254 for

eight - just two wickets from

defeat. Tail-enders Steven

Dion Nash, despite being

pleted a magnificent match to

become the first player to take

in catching position.

life for

## Britain in brief



## Probe plan into instant coffee brands

Officials are preparing to launch a full probe into the instant coffee market, after a survey showed some brands may contain ground stalks or husks, an Agriculture Ministry spokeswoman said

yesterday. Scientists from the Food Anthenticity department found that 15 per cent of instant coffee samples tested contained material other than ground coffee beans, the ministry said. The adulterated coffee,

mainly from the cheaper end of the market, probably included coffee plant husks skins, stems or stalks added before roasting the beans, it

The Ministry is due to discuss the survey with trade representatives and consumer groups on Thursday and will probably launch a fuller investigation, the

spokeswoman said. The brands involved could not be named, because the number of jars examined was too small to be representative of any one product, she added.

Rhodes and Paul Taylor hung on for the last seven overs noting there was no danger to health. with seven men around the bat restricted by poor light from bowling at the tail-end, com-

#### **Exclusion zone** for Stonehenge

A four-mile exclusion zone was put into force yesterday around the ancient monument of Stonehenge, in western

The Wiltshire monument will be closed to the public at dawn tomorrow for the Summer Solstice, which in past years has led to violent clashes between police and so-called 'new Age' travellers trying to reach the stones for the suurise.

The exclusion zone - with an order preventing processions within the area of treeless downland - has been set up to prevent latterday sun-worshippers from reaching the stones and police have extra officers on stand-by

A check was made last night on the movements within the area, but in contrast with previous years there has been no attempt to set up a large camp near the World Heritage Site. Police were hopeful that dawn would arrive without

## Post Office complaint

The Post Office reported record pre-tax profits for the year to 31 March, but claimed lis future was nonetheless in serious jeopardy because of the government's failure to reach a decision on privatisation.

At £306m, pre-tax profits were 8 per cent up on 1992/ 93 (£283m). The Post Office's core Royal Mall delivery business contributed £296m - far ahead of its government target of £225m.

However, Mr Michael Heron. PO chairman, said the "prolonged walting game" over privatisation was causing "planning blight which leaves us totally in limbo." Mr Bill Cockburn, chief executive, highlighted investment shortfalls and a "wortying" dip in plliar-box mail as further evidence of the need for a sell-off.

#### Amoco awards contracts

Amoco UK has awarded contracts worth more than £46m as part of the development of the Davy and semer natural gas fields, which lie about 60 miles off the east Anglian coast.

soment sl

The contracts include \$14m to Brown and Root Highland Pabricators for the construction of two single leg platforms, the first time such designs have been used in the North Sea. Total development costs of the two fields are expected to be about £160m.

#### Vote on age of consent

Lords rejected by a majority of 174 an attempt to lower to 16 the sge of maie homosexual consent. An amendment to the Criminal Justice and Public Order blll which sought to overturn the decision of the Commons to reduce the age of consent for such acts

Labour spokesman, who moved the amendment, claimed that many peers who took part in the debatespoke from "intuitive feeling rather than rational argument".

of male homosexual consent "we live in a society where the pursuit of happiness is the ultimate aim of life. As a result we pay today with our youth to feel that whatever makes them happy is legitimate".

## **Figures** cast doubt on housing recovery

By Alison Smith, Andrew Taylor and Philip Coggan

Fresh doubts about the recovery of the UK housing market were raised yesterday when figures for net new mort-gage lending by building soci-eties last month showed s previous month.

According to figures released by the Building Societies Association, societies' net new lending was £806m in May - a fall of 17 per cent from the £974m in the previous month, in May last year it totalled £896m.

However, in a more encouraging sign, there was an increase in last month's net new commitments undertaken by societies - loans approved but not actually taken up within the period covered. These rose by 4.6 per cent to £3.28bn, against £3.14bn in

April. There was also better news on personal savings as societ ies received a net inflow of funds for the second consecutive month, after five months of net outflows as they strug-gled against other savings products.

Net receipts totalled £370m in May, although they are still just over half the £700m recorded in May last year. Mr Adrian Coles, director-

general of the association, said the lending figures appeared "to reflect some caution on the ont provide no firm evidence of a downturn in housing market activity". The prospects for the hous-

ing market recovery appear mixed, with further signs that the upturn may be stalling reported by estate agents and househullders, amid indications that consumer confidence

has passed its lowest point. More than half of the 143 estate agents questioned in a survey published today said sales during the three months to the end of May had "either flattened out or declined" against the previous quarter.

The survey by the Royal Institution of Chartered Survevors said agents blamed tax increases in April and increased interest rates on fixed-rate mortgages for the slowdown.

Nearly three quarters of agents said prices remained stable, while 17 per cent said "prices were still edging

# over planned defence cuts

and Bruce Clark

A tussle was reported yesterday between the Treasury and the Defence Ministry over forthcoming cuts in mil tary spending, and unhappiness over the economy drive was mounting on both sides of the House of Commons.

The defence ministry is understood to have completed, its own proposals for Front Line First, an exercise that is designed to shave at least £750m a year from the defence budget, mainly from support

Mr Malcolm Rifland, defence secretary, said in April that he hoped to save more than the agreed target in support spending and he might use the spare funds to beef up the forces's front-line capability.

The Treasury is now under-

stood to be challenging the idea that any savings over and above the £750m goal should be ptoughed back into defence spending. A final decision on the project, also known as the Defence Cost Studies, is likely to be announced in mid-July. Mr Rifkind is expected to

confirm several procurement decisions around the same time, in order to soften the

political impact of the cuts and up to 25,000 job losses. These announcements could include final decisions to 250 more Challenger tanks and three frigates, and to upgrade the RAF's Tornado fleet. Mr Rifkind may also confirm the purchase of two new amphibious assault ships, a decision that has been taken in princi-

ple but not fully funded. At Westminster, Mr Julian Brazier, chairman of the Tory backbench defence committee was one of a number of conservatives who attacked plans to cut support services.

At the sams time, Labour stepped up its long-running campaign to preserve the Rosyth naval base in Scotland. amid fears that it will be closed with the loss of more than 4,000 jobs. Mr Gordon Brown, the shadow chancellor - whose constituency contains the naval base – urged Mr Mal-colm Rifkind to make a statement on Rosyth's future before the publication of the Defeuce Cost Studies report next

## Tussle reported | Confrontation looms over railway strike pay claim

By Kevin Brown. Political Correspondent

England hatsman Robin Smith turns a ball past a New Zealand fielder in the final day of the 2nd test at Lord's yesterday

The British government appeared to be digging in for a lengthy confrontation with the RMT rail union yesterday as ministers repeatedly attacked the union's "irresponsible" pay

Amid angry exchanges, Mr John MacGregor, the transport secretary, condemned the strike planned for tomorrow and warned that some passengers would not return to the railways.

It also emerged that Mr Mac-Gregor has established a committee of senior ministers to

monitor the strike by signals staff and guide the government's response.

The committee met for the first time yesterday to discuss the prospects for further railway chaos if Aslef, the train drivers' union, also decides to

As MPs waited anxiously for talks to begin between RMT and Railtrack, the state owned railway infrastructure company, Mr MacGregor said it was "damaging to the railway for the unions to undertake a series of strikes on an 11 per cent no strings pay claim."

He told MPs that Railtrack wanted to achieve a settlement

hased on talks on restructuring, which would be separate from the company's 2.5 per cent pay offer.

Shouting down claims by Labour MPs that the government had engineered the strike, Mr MacGregor said the restructuring talks would have to offer "value for money."

ed ciaims thai Railtrack had spent more on refurbishing its HQ than the estimated cost of settling the strike. Labour claimed the dispute could have been avoided if the government had not intervened to order Railtrack to withdraw a proposed pay increase of 5.7 per cent .

## In a free vote the House of

from 21 to 18 was defeated.

Lord McIntosh of Haringey,

Lord Jakobovits, the former chief rabbl, called for the age higher divorce rates and crime rates because we indoctrinate

## Underwriter manipulated figures, court told

Law Courts Correspondent

A former underwriter with the Gooda Walker agency was yesterday accused of lying to Lloyd'e agents over the likely losses to be sustained by syndicate 298 following the Piper Alpha oil platform disaster.

During the High Court action brought by 3,095 Lloyd's Names, individuals whose wealth has traditionally snpported the market. Mr Stanley Andrews was accused of misrepresenting the

syndicate's losses to agents and the Gooda Walker board.

Mr Jonathan Gaisman, for the Names, said that between January and August 1989, Mr Andrews had repeat-edly insisted that the syndicate's likely losses would be below the \$104m level at which 298 had arranged reinsurance cover. He had then continued to tell agents that he expected the syndicate to break even. Mr Gaisman said.

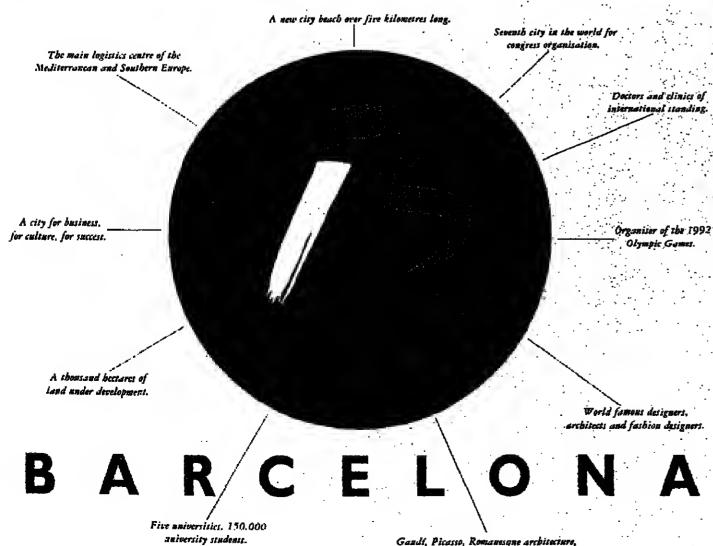
in April 1989 Mr Andrews reported losses of \$74m, in line with losses projected in the 1988 audit. The reported

figure rose to \$100m by July and remained at this level until September.

Mr Derek Walker, the former chairman of the Gooda Walker managing agency, then discovered the losses were \$125m - beyond the reinsurance level, Mr Gaisman said. Mr Andrews had manipulated the figures and given untrue figures for projected losses and results to agents, Mr Galsman said.
"You had not been telling the truth
about these figures for months."

The claim was denied by Mr Andrews who insisted there was no question of

figures available, he said. Mr Andrews had also misled the Gooda Walker board about the scale of the losses, Mr Gaisman said. Mr Tony Gooda, the former chairman of the members' agency, had told others in early 1989 that Mr Andrews was predicting the syndicate would either break even or make a small profit. Mr Andrews said he had never told Mr Gooda that the syndicate might do any better than break even. The case con-



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## State support 'needed for new N-station'

Significant state support is likely to be needed if the UK is to build another nuclear power station, it emerged yesterday as Nuclear Electric, the stateowned operator, published its evidence to the government's nuclear review.

The company acknowledged the cost of producing electric-ity from a third plant at Sizewell, on the English east coast, would be about 50 per cent higher than current market prices if the plant was funded by the private sector.

Mr Bob Hawley, Nuclear Electric chief executive, said he expected this year's market price of about 2.4p a unit of electicity to rise in future years but it would still "take government commitment and support to build any

Scotland had an outstandingly

successful year in securing

inward investment projects

during 1993/94, according to

the annual report of Locate in

Scotland, the inward invest-

The report showed that 95

inward investment projects

were committed to Scotland,

the highest number of projects

Total investment of £587m was planned which would cre-

ate 7,688 new jobs and safe-

guard a further 3,384, making a

This compares with invest-

ment of £352m secured in 1992/

93. which involved 65 projects

and created or safeguarded

Though Mr Allan Stewart,

Scottish Office industry indus-

try minister, warmly welcomed the figures, the Scottish Office

cautioned that "not all projects

On average around two-

thirds of planned direct jobs

proceed exactly as planned.

total of more than 11,000.

more than 8,000 jobs.

ment bureau.

since 1981.

Scotland wins

record inward

investment share

Nuclear Electric's submission, totalling more than 150 pages, pleads the case for the 2,600 MW Sizewell C on the Suffolk coast but also raises the possibility of building a third, smaller plant at Hinkley Point, Somerset, on the Bristol Channel. The company already has planning permission for

such a plant. Hinkley C would be easier to finance than Sizewell C, due its smaller capital cost, £2bn com-pared with £3.5bn at Sizewell, but it would offer a slightly lower return on capital, says Nuclear Electric. In its submission, Nuclear

Electric confirmed privatisation was its "top priority." We need commercial freedom to compete on equal terms and to develop our business." Mr John Collier, the company

are achieved." However last

year's performance will help

argued that Scotland is declin-

ing in appeal as a location for inward investment in face of

competition from Ireland,

Spain and countries in eastern

planned investment for 1993/94

comes from the US, and of that

85 per cent was reinvestment

in existing plants, such as a

£7m expansion by the computer manufacturer Compaq,

Some 22 per cent of new

investment came from conti-

nental Europe and Scandina-

via, 11 per cent from the rest of

the UK and only four per cent from Japan and Asia.

Almost half of all new invest-

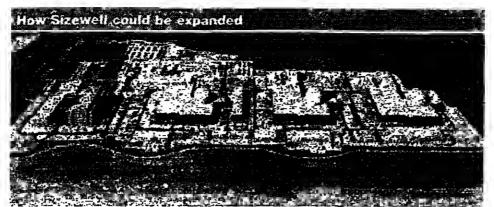
ment was in the electronics

sector, followed by investment

creating a further 250 jobs.

Some 62 per cent of the total

sceptics who have



chairman, said. The company backed its case for privatisation by announcing sharp improvements in effi-ciencies, with operating losses

£564m in 1992-3 and costs per

Sir Bryan Carsberg, director

general of fair trading, raised feara yesterday about the impact of a lengthy continua-

tion of the current ban on Brit-

ish Telecommunications carrying entertainment services.

Sir Bryan told an FT confer-

ence in London that the ban

"may create local [telecommu-

nications] monopolies in the shape of cable television com-

"If continued for too long, it

may deny BT the opportunity

to make its competitive contri-

bution," he added. The tone of

By Andrew Adonis

unit of electricity down from 3.6p to 8.1p. In addition, it said, major progress in quantifying and reducing liabilities for fuel

cycle and decommissioning

his remarks was in sharp con-trast with those of ministers and Mr Don Cruickshank, his

successor as head of Oftel, the

telecommunications regulator. The government's ban on BT

extends until at least 2001, although Oftel is empowered to report on the desirability of

lifting it from 1998. When

imposed in 1991 its aim was to

encourage cable companies -

mostly US owned - to invest in

local cable networks, providing

telecommunications services in

BT claims a continuation of

competition with BT.

original obstacles to privatisa-

Nuclear Electric's submission will be strongly contested during the review which is likely to take up at least most costs had largely removed the of this year.

active entertainment services

to justify further upgrading of

tors' success in attracting more

than 400,000 telecoms custom-

ers within two years Sir Bryan

said the ban looked set to be

pointedly looked forward to an

ending of the ban to ensure effective competition. "In this

Only last month Mr Cruick-

shank downplayed tha pros-

matter, timing is everything."

However, in his speech he

quite successful."

Pointing to the cable opera-

tal pressure group, condemned the company's case as wishful

thinking. Rival power generation com-panies believe the figures the company uses to support its arguments are optimistic. They dispute its claim that it will soon become the lowest-cost producer of electricity in the UK market. Mr Mike Kirwan, finance

director, said building Sizewell C would need government help in securing long-term contracts, although he said the prices would not necessarily have to carry a premium to those in the market.

Similary sharing regulatory risk, another pre-requisite for a new power plant, may not lead to any spending by the state. "It may cost the government nothing," said Mr Kirwan.

ments that local cable monopo-

lies would result from delay.

not invest in a cable company

was in place," he told the

House of Commons trade and

Mr Heseltine, trade and indus-

try, has taken the same posi-

tion. Earlier this month he

flatly rejected a Labour party proposal to lift the ban in

return for BT agreeing to make

the investment - estimated at

about £15bn - necessary to

extend fibre-optics into its

industry committee.

franchise unless the restriction

"If I were a financier, I would

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Million M. Laure

## London's world role 'under threat'

the ban is constraining it from pect of even a review of the BT investing in the UK, since it ban before 2001, and expressed

BT entertainment ban is queried

**Public Policy Editor** 

Weaknesses in the way that London is governed are damaging its reputation as a centre of world business, says a report published yesterday by the Confederation of British Industry, the employers' association.

in chemical and engineering The report, described as a business plan for the capital, says that London lacks a The largest single sum committed was £93.4m to be invested over five years by Hoffman La Roche in its chemical plant at Dalry, Ayrshire. "board and management" that could create a vision for the future and implement the decidon'a role as a world city. There are "fundamental weaknesses", the CBI says, in

"the complicated and uncoordinated way policy is datermined, services are delivered and taxpayers' money is The report has been submit-

ted as the business contribution to the London Pride prospectus, being drawn up at the government's request by Lon-don First, the husiness-led organisation. It says that Lon-

don's aim should be to become the most successful city in Europe for business by the year 2020, where the key decision-makers and market-lead-

ers want to locate. The report includes 120 steps needed to achieve this vision, including the CrossRail line, a high-speed channel tunnel rail link, more bridges over the Thames and improvements in public transport.

London already contributes a £10bn surplus to the UK's balance of trade, according to Mr regional chairman.

The report recommends that London First should have an official advisory role for the Cabinet sub-committee for London and the new Government Office for London. This would give a voice to the London boroughs which are already represented on the London First

The CBI also calls on London MPs to form a cross-party group to support the objectives of the business plan.

## The Financial Times plant to publish a China's **New Financial Markets**

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FT/Price Waterhouse survey of Europe's most respected companies

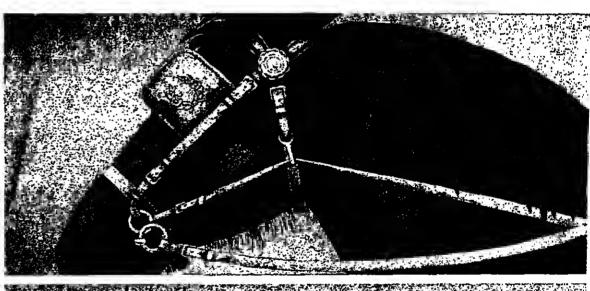
On Monday, June 27 the results of an important new survey, undertaken by the Financial Times in association with Price Waterhouse, will be published in the FT.

It will show which of Europe's leading companies are perceived to be the most customer focused, which are thought to have the best products and people and which are simply the object of general admiration.

It will also give valuable insights into the connection between a company's commercial success and the esteem in which it is held by its competitors and peers in the market place.

tt is in fact a survey no self-respecting business should ignore.

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erhard Storch, financial well-versed in promoting the idea of a global accounting system. He has a prepared presentation, complete with slides. The project has an inspirational name. Apollo, with its own sunrise logo. Stories about it appear regularly in the Hoechst newsletter.

Storch is clear about the objectives for Hoechst's system. "First, it is not an accounting project. We are looking to improve customer service. Nor is it a Gerhard Storch project – it involves everyone in the Hoechst group in Europe. The system we are looking for is likely to improve the service to our European subsidiaries in the area of information delivery."

Global systems, especially global accounting systems, are cost effective, enforce standards and bring together different information sources. The German-based Hoechst group is far from alone in its desire to implement such systems across national borders, but few companies can have looked into the idea so thoroughly, and done so much to prepare the ground - and the peo-

With annual sales of DM46bn (£18.4bn), Hoechst ranks among the world's chemical industry leaders. Founded 125 years ago, it was the originator of the vivid dyes that hrightened clothes fahrics in the late 19th century. Now, It has interests in chemicals, pharmaceuticals, fibres, polymers and paints. Its operations in 120 countries include search laboratories in 15 of them. and it employs 170,000 people world-

"We have a target that our European business should operate in a seamless way in its information flow," says Storcb, "wbether it comes from marketing information or in the process of receiving ultimately, delivering to the customer. People need accurata. up-to-date information to know that they can deliver to the customer on

There are problems to surmount in introducing such compatibility: agreement on aims and universal requirements in-house; choice of software; the weaning of people from their trusted software packages; and, finally, the development of new approaches.

Choice of software was relatively straightforward. Many suppliers claim to offer software that is global, multi-currency, flexible and capable of being customised to the degree Hoechst oeeded. But Hoechst found few real contenders, especially as it had not yet moved to open systems and was still planning to use its mainframe computers. However, one German division was German-originated SAP

Staff at Hoechst were thoroughly involved in the introduction of a new system, writes Claire Gooding

# A cross-border people project



Storch: 'A global strategy for information syste

accounting software

The group was thus convinced that this modular package offered the most flexible and full-function solution available. It chose SAP's R/2 software for international use on its IBM 3090 and 9021 mainframes. (SAP now offers a Unixbased package, R/3, which arrived too late for Hoechst.)

There were a few deficiencies, made good hy developments in SAP's own software language. For example. Hoechst needed a credit management module and undertook joint development with SAP in the UK to replace a £500,000 in-house software project. In spite of lower functionality, this write-off was a sacrifice worth making for the integration with other SAP modules. Altogether, the investment from the UK, which piloted the development, was roughly £3m; with seven other European countries involved - France, Austria, Spain, Italy, Belgium, the Netherlands and Germany (co-ordinator) the total cost was thus around

A Hoechst man for 33 years,

Storch did not underestimate the difficulty of weaning users from their existing systems, some of which had been international. These included a bespoke sales order processing system used in the UK, France, Italy, Spain and South Africa, and the mainframe accounting software that MSA (now Dun and Bradstreet) implemented in the UK, Spain, and Sonth Africa 10

Storch was keen to transfer his

## SOFTWARE AT WORK

company-wide vision to the people who would use the software. He set up committees in each of the countries contributing to the development. "We felt that a public relations effort was the only way to get it off the ground by a corporate agreement, not a central directive. It was essential that it be led by national companies. A global strategy for information systems has to rely on co-operation and communications, not imposing or prescrib-

Each team had subcommittees, chaired by the division director. Some countries provided specialist expertise: Spain and Italy on revaluation of assets, for example, and Belgium on VAT rules. Meeting every six weeks or so, the committees wrestled with the details of what turned out to be a rich but complex solution. Some extra modules - cost accounting, and a transport system for dangerous goods were a part of the UK pilot.

"It's very complex. It requires a great amount of know-how in development and in presentation. Also, it is complex for users, and needs a lot of training. People have to learn as they go along, but we have also had to cope with differences in language and culture," says Storch. IT organisation manager John

Haywood was part of the change management committee. "We have had to train 400 users in the UK. some of whom have never seen a terminal," he says. "We implemented the scheme through a series

of workshops, mixing IT people and end users, so that they learned on the hoof about business processes."

Even so, there were logistical problems - some to do with warehousing control and computerisation and others with employees

inexperience.
The live switch was thrown on the entire system, including three new modules, on the May bank holi-day weekend this year. Some 409 users are spread across the UK headquarters west of London in the accounting, chemicals and pharmaceuticals divisions.

"After a couple of weeks live with 409 UK users there were comparatively few problems. But we are in the hands of one central software developer - through seven national suppliers in the countries, with the master development in Germany,

SAP, inevitably, has its own agenda. Product updates and releases cause problems to companies such as Hoechst, even though such maintenance is done centrally. SAP's new R/3 softwara is still going through implementation in its first live sites.

Other companies agree on the extremely rich functions available with SAP, even though, according to Storch, "only 25 per cent of the functionality is exploited by any

one company".
Mike Demetriou, group chief accountant, has been using SAP software since the first implementation of bought sales and general ledgers two years ago. The newly implemented modules for production costing and sales, RKK and RKE, bring a fresh dimension to his job. They integrate all the information entered in sales and production to produce a detailed analysis at any level. This means he can take a detailed view, by date, customer, invoice and product, of any data. "I log on daily looking at, for instance, total company performance at the end of the month. If I see a result I don't like, I can go into tha hierarchy and look at major divisions, starting to select the route - for

example, pharmaceuticals. "You don't need anyone else to make an inquiry for you - you can do it all yourself, working right down into the detail. If a senior manager doesn't like what he sees in the pharmaceutical budgets, for example, one keystroke will show all the costs that contributed: salaries, travelling, right down to specific transactions - someone's foreign trip. He doesn't have to call in anyone else, so long as he's

Business managers now have a hroader knowledge of accounting, and accountants have a broader view of the business. Hoechst's main investment, as Storch constantly emphasises, is not in the system but the people.

## Evening primrose in cancer fight

James Buxton on promising trials with a dietary supplement

pharmacentical plant in the Outer Hebrides of Scotland is being expanded to produce commercial quantities of new drugs, one of which is aiready extending - in clinical trials - the lives of sufferers from particularly deadly cancer

iffecting the pancreas.
Tha location of the plant, at Callanish on the island of Lewis, is unusual; so is the fact that it makes its products not from synthetic substances but by extracting the active ingredient

of the evening primrose plant. The expansion of Callanish, costing £4.5m, is the latest step in a long process of discovery and development led by David Horrobin, a scientist and entrepreneur whose company Scotia Pharmaceuticals last year raised £37m in its London stock xchange flotation.

Horrobin has been exploring the contribution to human health made by essential fatty acids, an area of medicine on which the big pharmaceutical companies have not focused heavily. He has found that sufferers from a wide range of illnesses often have a deficiency of EFAs.

Scotia makes products aimed at making up this deficiency. Since 1979, it has sold evening primrose oil as a dietary Efamol and used the proceeds to finance the development of pharmaceuticals based on EFAs. It has four licensed drugs, to treat breast pain and skin diseases.

It is also at different stages of developing drugs to treat a and diabetes to rheumatoid arthritis. Alzheimer's disease and schizophrenia. Horrobin has found that a common thread in sufferers of all these diseases is deficiency in EFAs.

Scotia's basic research is carried out in Nova Scotia with further work done in Carlisle and Dundee, In 1986, it acquired for £300,000 a plant at Callanish. Since then, Callanish bas perfected a process for extracting from evening primrose oil its most important element - the

EFA named gamma linolenic acid. The evening primrose itself is not grown commercially on

the windswept islands; the oil comes from a Scotia plant at Lincoln which processes seeds grown by farmers in different parts of the world.

The remoteness of the Western Isles is not a problem, says Chris Corden, the plant's manager, "We use relatively small volumes of evening primrose oil, and we benefit from the very high calibre of scientists and skilled personnel

The expansion at Callanish is intended to step up production of two products, DLMG for diabetic neuropathy (nerve damage caused by diabetes) and EF13 for cancer.

Horrobin is quietly excited about EF13. Most cancer drug treatments are unsuccessful, prolonging survival time by only 10 to 15 per cent," he says. Chemotherapy might increas a patient's life expectancy from five years to 5.5 years. And these treatments are highly toxic. causing nausea and vomiting." By contrast, be says, clinical trials of EF13 (phase II trials)

have shown encouraging results. "Pancreatic cancer is the most devastating of all cancers, Horrobin says. Ninety per cent of cases are inoperable on diagnosis and life expectancy is only three months. But patients given EF13 have found their survival time increased four to sixfold, in other words from three to up to 18 months.

Horrobin says that the patients treated improve more the bigger the dose they receive, while side effects are nil. The product is now moving on to a randomised phase III trial which by the end of 1995 will involve about 30 hospitals in Europe and more than 400 patients. The next stage is to qualify for a license

Laboratory trials show that about 30 human cancer strains are killed by EF13 without harming normal cells, and beneficial effects are reported from phase I and phase II trials on patients with breast, colo-rectal, brain, liver and elanoma cancers. And a team at St Bartholomew's hospital in London has found that EF13 selectively kills white blood cells infected with HIV, the Aids virus.



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## Small cheques, big problems

Exporters owed tiny amounts face steep bank charges

Instead of sending bank

companies such as National

received that day, enabling the

company to credit the customers

accounts. When cash balances

money is transferred to the UK. The saving is not only at the customer's end. Colefax and

Fowler says that on export sales

of £4m e year, it has saved about

£45,000 on lost interest while its

foreign cheques were clearing.

The company says this may

indirectly have increased sales;

some customers were being denied credit not because they had not paid old invoices but

because their cheques had not

no longer hoarding invoices

before paying, export creditor days have fallen from 86 to 73

days. And as some customers were also deducting their bank's

amounts, Colefax and Fowler also

saved bank charges.
"It has enhanced our customer

service immensely," says Denise Walker, chief financial

accountant at Colefax and Fowler,

"They can buy more and it is very

Walker says the company's own

satisfactory from an administrative point of view."

bank, Midland, were "either

set up foreign accounts or a

put in place for Colefax and

Fowler. "But that was the last

we heard of it. They were not

Green missed his September

bank accounts in some countries

done. But the company says many

more exporters are likely to use

target by a month as opening

proved to be easier said than

interested at all."

this kind of service.

apathetic or just didn't have the

lockbox - a variant of the system

service", Midland said it could

charges from the invoice

reach a reasonable size, the

year ago Colefax and Fowler, the up-market UK fabric and wallpaper maker, was facing e revolt in continental Europe. Export sales division, but distributors and retailers were up in arms because of the amounts their banks were charging for the large number of small cheques Colefax

required. Faced with this, customers ended to wait until they had received a number of invoices before paying; and in return Colefax and Fowler had begun threatening legal action. Worse, many customers were paying with foreign currency cheques written on their local banks which took up to 28 days to clear in the UK.

The revolt came to e head at last July's annual distributors' meeting. Without knowing how to achieve it, David Green, Colefax and Fowler's chief executive, promised a solution by September.

Colefax and Fowler's experience is by no means unique. All UK exporters making large numbers of relatively low-value sales will have met the problem. When French or German customers pay Franc or D-Mark cheques the banks can charge the equivalent of at least £15.

If, as with Colefax and Fowler, each invoice is only £96 on average, these bank charges stack up. Telegraphic transfer is no cheaper and even if payment is made directly to foreign currency accounts at a UK bank the banks , will still take up to 28 days to

clear each cheque. Colefax and Fowler found a solution that would not be necessary in a genuine single European market. With help from the Bank Relationship Partnership, a London-based consultancy that helps cut the cost of banking, Colefax and Fowler set up local currency bank accounts in each country where it has a significant customer base.

Customers now pay directly to Colefax and Fowler's local account, for which the charges are minimal and where payments are quickly cleared. The next stage is the clever part.

apple pie; everyone these days is in favour. How this elusive goal is best pursued, however, is increasingly contentious.

Last week the quality industry,

which has sprung up in the UK around the BS5750 quality standard, received a broadside from the heart of the British scientific establishment. In a 100-page report, the Science and Engineering Policy statements to the UK, the local bank in Germany sends them daily to the local office of EDM, Studies Unit, e body whose parents are The Royal Society and The a Netherlands-based agency that handles the collection of huge quantities of small payments for Royal Academy of Engineering, accuses the national quality "industry" of being inward-looking, insufficiently focused on the customer and attracting its "share of cow-Geographic, Newsweek and New England Journal of Medicine. EDM then faxes Colefax and Fowler details of what they have

uality in management,

manufacturing and the

provision of services is a

bit like motherhood and

oly ...
It says the BS5750 quality standard is but e small part of total quality management and that it tends to enshrine existing practices rather than encourage continuous improvement. Sepsu argues for greater recognition for companies doing their own quality assess ments and says UK competitiveness needs more award schemes such as the UK Quality Award launched

"The quality assurance business is run largely by . . . assessors, certifiers, accreditors, consultants," the Sepsu report says. It is not run by its customers. Indeed, there is a temptation for the assessors etc to regard each other as their customers with the real customer nowhere

to be seen." Sepsu's criticism comes just two months after Brussels entered the debate with a European Commis-sion document called Elements of Community Quality Policy. This paper aims to put ISO 9000 - the European equivalent of BS5750 - in perspective as part, but only part, of

the quest for competitiveness Elements of the Sepsu report are likely to be endorsed in the autumn when they are incorporated in e Department of Trade and Industry document called Managing in the

Looming largest in Sepsu'a sights is the British Standards Institution, which not only sets quality stan-dards but, through its BSI Quality Assurance arm, certifies more than 50 per cent of companies seeking BS5750. Describing BSI's domination of the accreditation market as unhealthy", the Sepsu report says: "There is thought to be too much scope for partiality between the quasi-legislative BSI, which is under constant pressure to increase the incoms from non-government sources, and its commercially successful offshoot."

Derek Prior, director of communications at the BSI, agrees some of the infrastructure that has sprung up around BS5750 certification does

Richard Gourlay on a broadside attack against BS5750

# Quality under fire

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need over-hauling. He rejects the report's suggestion that BSI's certification and standards-setting functions should be split. And he also doubts whether sslf assessment could ever replace external assessment by certification bodies.

The report reviews existing research into quality management and draws on interviews with 12 companies and 58 witnesses, including the quality assurance director of Nissan Motor Manufacturing UK and representatives from the Confederation of British Industry and the DTL

"We are putting ISO 9000 in its place, it has a place but it is not the whole game," says Peter Collins, Sepsu director. The two standards

eddress only a small fraction of what companies need to manage if they are pursuing a total quality epproach, he says. "If unimagin-atively implemented, ISO 9000 can easily become a tool for codifying and freezing current practice; total quality management is much more concerned with continuous improvement."

Sepsu contrasts the scope of the BS5750 standard with the nine areas the UK Quality Award seeks to examine - a definition of quality that was originally taken from the acclaimed Baldrige Award in the US. In focusing on processes, BS\$750 addresses only one of the nine areas that the award's archi-tects consider contribute to excel-

lence. The other eight, which are largely ignored, are leadership, people management, policy and strategy, resources, people satisfaction, customer satisfaction, the impact on society and business results.
Collins says more than 1m copies

of the Baldrige Award question-naire have been sent to companies, simply because they are useful tools for self-assessment.

The report questions BS5750's

place in smaller companies. While few small businesses would not ben-efit from adopting its basic princi-ples, the costs of obtaining third party accreditation may be inappro-It suggests the government could

provide funds to spread the idea that self-assessed quality manage-ment programmes are a powerful catalyst for sustained improvement in performance.

The British Quality Foundation could also consider developing another quality award category for companies with fewer than 50 employees. Quality ewards, the review says, have proved an effec-tive stimulus to change. "The value of Baldrige, the European Foundation for Quality Management and the British Quality Foundation ewards is that they are sophisti-cated tools for self-assessment,

rooted in experience," Sepsu says.

The review also makes recommendations about the people and organisations behind BS5750. As a minimum measure, certification bodies should employ only registered assessors.

• The encouragement of mergers between the 34 certification bodies should be considered by the government. The fact that some certifiers are themselves not accredited by the Netional Accreditation Council for Certification Bodies weakens the whole BS5750 system.

• The government should ensure that consultants used to help businesses prepare for certification meet the most rigorous standards if they are to be used by companies subsidised by DTI schemes.

 The report also questions the wisdom of the DTI's decision to reject a suggestion that BSI and its certification arm, BSI Quality Assurance, be split. The DTI has instead already asked BSI to rein-force the ring-fencing of

mendations is the assertion that truly enduring quality improvement programmes originate within an organisation and are not imposed from outside. It is one view. The "external" cer-

At the heart of Sepsu's recom-

tification industry, worth £80m a year to consultants and assessors, according to one estimate, not unexpectedly has another.

\*UK Quality Management - Policy Options. Sepsu. Tel 071 839 5561

# Nutshell

## **Checklist for** staying solvent

Many insolvencies could be avoided if company directors were eware of mistakes made by other businesses. London consultants Ringrose have produced e checklist for directors based on e review of 250 insolvencies during the

More than e third of these companies could still be trading had they taken measures included in the checklist early

enough, it is claimed.

The list includes questions and skeleton solutions. It asks directors to plot 12 months' gross profit and fixed costs and see if the lines are converging; it asks whether directors always draw up cashflow forecasts to quantify the effects of accepting e large order; it suggests simple calculations of stock turn and trade receivables: if these fail to pass muster, it recommends management time be dedicated orgently to stock control and collection of bills. Checklist available from 071

383 4142

#### Barclays calls for business 'Tessas'

Barclays Bank is calling for the introduction of tax-exempt business savings accounts to promote long-term investment in the small business sector.

These business "Tessas" would operate in the same way as their personal sector equivalent. Businesses could invest retained profits in a special account which would be tax-deductible over e set period (three to five years). The funds could then be used for approved purposes such as capital investment, R&D or training.

Barclays' research shows that 78 per cent of businesses prefer retained profits as a source of funding rather than bank overdrafts or venture capital. Some 87 per cent would re-invest more of their profits if the tax system were

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## **PEOPLE**

## DTI enlists the great and the good for its governance committee

bers, drawn from leading cor-

porations and investment

houses, can come up with

meaningful suggestions. "The

challenge will be for us to pro-

duce something interesting."

Other members are Hugh

Collum, finance director at

SmithKline Beecham, who has served there since the early

1980s and is credited with help-

ing restore the company's for-tunes. He is also a former

chairman of the influential 100

Group of Finance Directors

which at times has been at log-

gerheads with shareholders

over corporate governance

Also on the committee are

Bernard Harty of the Chamber-

lain Corporation of London

which advises local authority pension funds, Hnw Jones, director of corporate finance at

Prudential Portfolio Managers

concedes one member.

The Department of Trade and industry has announced its committee of the Great and the Good to examine wbether relations between investing institutions and UK corporations can be improved.

Committee chairman is Paul Myners, the sometimes outspoken chairman of Gartmore, the fund management company, who is viewed as a hawk on matters of corporate governance. Discussing the committee's rola, Myners takes a dip-lomatic stance: "I think it is primarily an issue of communication (between shareholders and corporate management). But it can mean that managers are hesitant about committing capital to long-term projects."

However, whether the committee offers a radical solution to the perceived problems of short-termism in investment remains to be seen. The mem-

**Jack Gleeson** 

Jack Gleeson, former chairman

and managing director of con-struction, housebuilding and

property group, M.J. Gleeson, has died at the age of 84.

the company for 38 years fol-lowing the retirement in 1950

of his uncle M.J. Gleeson, who

He held the two top posts at

founded the company in 1903. Jack'a napbew Dermot became md in 1988 but Jack remained non-executive chairman until his death.

He ran away from home at Cloonmore in west Ireland at the age of 16 to travel to Sheffield whera his uncle reluctantly agreed to employ him and rose rapidly as the com-

tion of British Insurers Investare James Joli, finance director of Pearson, owner of the Financial Times, and Richard Lapthorne, currently finance director at British Aerospace who came to his post from Courtaulds following BAe'a ousting of its former chairman Roland

Other committee members are Colin Lever, head of the investment division at actuarial consultants Bacon and Woodrow, Geoff Lindey, head of UK institutional investment at JP Morgan Investment Mannent and chairman of the National Association of Pension Funds investment committee, and William Stuttaford, chairman of the European division of invesco, who formerly headed Framlington, the fund management company.

Jack Gleeson that the group went public in 1960. The extended Gleeson family still owns about 40 per cent of the

The business in the year to June 1993 made a pre-tax profit of £8.2m on a turnover of £168m. It has yet to announce a new chairman.

## Fraser to coax investors to Britain

The Invest in Britain Bureau now a separate division within the UK's department of trade and industry responsible for internationally marketing Britain as an investment opportunity, has created a new post of chief executive. Andy Fraser, 43, will be the first incumbent, as from July 4. Fraser'a background is sol-

idly within the world of international advertising. Born in Kuala Lumpur, since April 1992 be has been managing director of CDP Europe, the advertising agency now 43 per cent-owned by the Japanese agency Dentsu.

Before that he was executive vice president and director of business development for Saat chi & Saatchi advertising worldwide. He spent 1976-80 in Thailand, where he was managing director for McCann-Erickson. A graduate of Sussex University, where his degree was in English and American



studies, Fraser's first job in advertising was with Young and Rubicam, which he joined in 1972 in London.

In the past financial year more than 300 foreign projects worth an estimated £1.3bn and generating more than 56,000 jobs have been attracted into the UK via the operations of the IBB, which is the UK gov-ernment's main inward invest-

By tempting a well-paid and successful marketing executive from the private sector to take up this new post, the DTI appears to be signalling a determination to make the IBB, which was first set up in 1977, a more flourishing, outward-bound entity.

Three core tasks await Fraser: furthering the cross-fertilisation between the DTI and business, both British and foreign; stimulating greater inward investment by a more vigorous marketing campaign which preaches the virtues of the UK's economic base; and establishing the IBB firmly in the minds of would-be investors as the first stop for advice and assistance.

The current director of the IBB, Christopher Priston, who been a civil servant since 1973 after working for Fisons, Courtaulds and others, will become deputy chief executive.

#### Non-executive directors

Nigel Rudd, 47, chairman of Williams Holdings, is severing his ties with one of the three Derby companies he has been involved with for many years. He is stepping down as a direc tor of Raine industries, the building materials group that he chaired for six years. He will retire as vice chairman and leave the board after the next agm.

Trevor Finn, 36, chief executive of Pendragon, the up market car distributor floated off by Williams four years ago, joins the board on July 1. Peter Parkin, Raine's chairman, says the fact that Rudd is chairman of Pendragon, which is based a block away from Williams on Derby's Sir Frank Whittle Road, had nothing to do with Finn's appointment. Parkin, who chairs Raine's nominations committee, says he had been looking for "a young, suc-cessful chief executive of a plc operating in the Derby area".

 Donald McFarlane is chairman of SENIOR ENGINEERING and not the former chairman.

■ Malcolm Argent, a director of BT, at CLERICAL MEDICAL AND GENERAL LIFE ASSURANCE SOCIETY. Clive Lewis, joint chairman of Broman Lewis and deputy chairman of the Merseyside Development Corporation, at

TOWN CENTRE SECURITIES. William Proby, president of the Historic Houses Association, at BOOKER Countryside. ■ Geoffrey Boulton has resigned from INGHAMS

having completed an 18-month executive contract. John Bockaday has retired from CHARLES BAYNES. David Dugdale, former deputy chairman of James Capel, at BARONSMEAD.

Robert Froy, md of Lloyds Bank Stockbrokers, at McLEOD RUSSEL HOLDINGS. ■ Geoffrey Deith, former chairman of Aynsley Group, at ACAL; Derek Kingsbury is

retiring. ■ David Bucks, former deputy chairman of Hill Samuel Bank, and John Morgan, ex-chief executive of Imro, at YAMAICHI BANK

Antony Chattwell at UNITED BREWERIES. Tony Robinson, md of Hoskyns, at AZLAN GROUP. James Cowan at EDINBURGH FUND MANAGERS.

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## Commission loses in PVC cartel case

EUROPEAN COURT

missed the European Commission's appeal against the decision of the Court

of First Instance in a case involving an alleged cartel in the European chemical industry. The ECJ annulled the Commission's decision for procedural irregularity because it failed to authenticate the decision in accordance with its rules of procedure. However, the court set aside the

CFI's ruling of 27 February 1992 on the grounds that it had been wrong to decide that the Commission's decision was non-existent. In December 1988, the Commission adopted a decision ordering several chemicals companies to terminate an alleged cartei agree-ment in the plastics sector and imposing fines totalling \$27.5m. Fourteen PVC companies appealed to the CFL in the course of the court proceedings, the Commission admitted that it could not produce a copy of the original decision signed by the president of the Commission and the executive secretary as required by the Commiseion's internal procedural

The CFI also found breaches of the Community law principle of the unalterability of Community decisions. Differences existed between the various legally binding language translations of the decision published in the Official Journal and notified to the parties after adoption by the Commission

in December 1988. The CFI decided that the lack of anthentication of the decision by the Commission was so serions that Community law required the Commission'e decision to be declared non-existent.

The Commission appealed against the CFI's ruling to the ECJ. It relied on four grounds. The ECJ only considered one, since it found in favour of the Commission and set aside the CFT's decision of 27 February 1992 because it contained an error of

The ECJ agreed with the Commission that a procedural defect such as the Commission's failure to authenticate a measure in accordance with its procedural rules had to be of sufficient gravity before it could be treated as

The Enropean legally non-existent.

Court has disThe ECJ said acts of EU institutions are in principle presumed to be lawful and accordingly produce legal effects, even if they are tainted by irregularities, until such time as they are annulled or

Dechert Price & Rhoads, a large Philadelphia-based US firm.

Dechert's London office will close

and its London partners will

become partners of the new alliance

while remaining partners of Dechert in the US and in Brussels.

What most City lawyers will want to know is whether the alliance rep-

resents the start of the long-expec-

ted rush to form transatlantic part-

nerships, or whether it is merely the extension of the type of exclu-

sive mutual referral of work which

has been the basis of several trans-

atlantic relationships, such as that of Los Angeles-based O'Melveny &

Myers and City solicitors Macfar-

Mr Michael Smith, senior partner of Titmuss, and Mr Eddy Kling, the partner in charge of Dechert's Lon-

don office, say the arrangement is a

merger in all but name. Together

the two firms will have more than

450 lawyers in eight locations

enabling them to advise domestic

and international clients on a

broader range of UK, European and US issues. Certainly, Mr Smith and

Mr Kling believe, the arrangement

goes beyond any of the current

referral arrangements between US

In the heady period of the late 1980s there hed been much talk of

mergers between large US and UK

practices to form multinational law

firms capable of meeting the chal-lenge of providing legal services on a global scale. But the economic

slowdown in the US and the UK put

such plans on hold. As the two

economies move out of recession

and firms look to expand once

been actively considered again.

and UK firms.

withdrawn. By way of exception to that principle, acts tainted by an irreg-ularity whose gravity is so obvious that it cannot be tolerated by the Community legal order must be treated as having no legal effect and as legally non-existent.

The purpose of the exception, lt said, was to maintain a balance between two fundamental, but sometimes conflicting, requirements with which the legal order must comply, namely "stability of legal relations" and "respect for gainty.

The ECJ went on to state that

when it sets aside a decision of the CFI, it had the power to give final judgment in the original appeal where the state of the proceedings

The court only dealt with the argument raised by the PVC companies relating to the Commission's failure to comply with the authentication requirements in its own rules of procedure. They stated: "Acts adopted by the Comnission, at a meeting or by written procedure, shall be authenti-cated in the language or languages in which they are bind-ing by the signatures of the president and the executive secretary."

The ECJ said that contrary to the Commission's claims, the authentication rule was not a mere formality but was intended to guarantee legal certainty by ensuring that the text adopted by the College of Commissioners became fixed in the languages which were binding. In the event of dispute, it could then be verified that the texts notified or published corresponded precisely to

the text adopted by the college. The ECJ, therefore, annulled the decision for infringement of essential procedural requirements, ordering the Commission to pay costs. On 15 June, the Commission stated in a formal press release (IP/94/538) that it intended to adopt the decision again without any procedural defects. C-137/92 P: Commission o BASF

BRICK COURT CHAMBERS

etc, ECJ FC, 15 June 1994.

#### Transatlantic ransatlantic mergers between law firms are back on the agenda. After a bill of three years - the result of recession on both sides of the Atlantic - commercial lawyers in alliance the UK and the US will today wake up to the news that two firms are joining forces: Titmuss Sainer & Webb, a medium-sized City of Lon-don firm will throw in its lot with

Robert Rice considers the The new partnership will be known as Titmuss Sainer Dechert.



Partners in tow. Michael Smith of Titmuss, Sainer & Webb, Tom Morris, senior partner with Dechert Price & Rhoads and Dechert's Bart Winokur

chert alliance as, in effect, a takeover of Titmuss by Dechert.

Dechert is by far the bigger of the two. Decbert, ranked 47th by size in the US, had 136 partners and 336 lawyers according to the American Lawyer magazine's 1993 league table of America's top 100 law firms. Titmuss, in contrast, is ranked 39th by size in the UK with 48 partners and 147 lawyers, according to Legal Business magazine's 1993 top 100.

more, transatlantic mergers are There is also a big difference in the financial performance of the Firms which struggled during the two firms. According to American recession are busy pondering what Lawyer Dechert was ranked 58th by they should do to regain market gross revenues in 1993 with a turnshare. With significant over-capacover of \$108m for the 1992-93 finanity in the domestic legal markets clal year. It was ranked 67th in profitability with profits per partner of \$315,000. According to Legal Busiboth in Europe and the US, expansion overseas is one obvious option. But funding international offices is ness Titmuss had a turnover of expensive for all but the most prof-£19.8m in 1992-93, placing it 39th in itable law firms. A merger with a strong US law firm could provide the UK top 100 law firms with profits per partner of £158,000 (36th). In spite of these differences, Mr

the answer for medium-sized Euro-Wyness says that the link-up still falls short of a full merger. For a start it doesn't involve full profit pean firms. Does the Titmuss/Dechert alliance fall into that category? Mr sharing," he says. "Yet it is more James Wyness senior partner of City-based international law firm than an arrangement to refer business to one another." Linklaters & Paines saysthe market would interpret the Titmuss/De-In effect, Titmuss is taking on

Dechert'e London and Brussels partners. The arrangement will give Dechert a stronger English law capability and Titmuss a strong US referral stream, a Brussels office

and a transatlantic dimension. Both firms have assessed the impact of the loss of referral work from other law firms and the impact on their existing client base and concluded that their link-up would lead to an increase in turnover, an improved image and better

services to clients, Mr Wyness says. The firms say they are keen to secure a bigger slice of the global legal services market and believe they would be better placed to achieve this as a single unit. Most legal observers say the alli-

ance is unlikely to have a big impact on the legal services market, largely because the two firms are both medium-sized in their respective markets. "It's not a block-buster", Mr Wyness says. The big shake-up will come when two top firms - such as Freshfileds and Davis Polk Wardwell - decide to form an alliance.

Medium-sized London firms which compete head on with Titmuss may be more shaken by the

How do you keep up with

alliance, he says. "A number of them may well say why don't we do the same.' But they will have to ask themselves whether they are better able to serve their clients independently or in an arrangement. independently or in an arrangement such as this. A lot may be tempted by the idea that such an arrangement might enhance their image," says Mr Wyness. What do the clients of Titmuss

think about the arrangement? Mr Darren Clayton, company secretary of Travelex, the international bureaux de change operator which has been using Titmuss for some 16 years, said his initial reaction was very positive." The law firm's approach squares with Travelex's entrepreneurial style, he says. Last year Travelex opened up bureaux at airports throughout the US and has a considerable demand for US legal

In the US, Traveler has traditionally used New York-based law firm Milbank Tweed Hadley & McCloy. But Mr Clayton recalls that on several occasions when he has needed advice on a US matter, he was unable to get it immediately because of the time difference between London and New York. With the new Titmuss-Dechert arrangement, Mr Clayton should be able to get first-hand advice on US issues in London without having to wait until New York wakes up. That'e a superb benefit," he says.

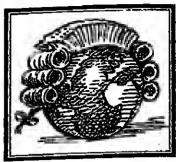
ilbank is also a large firm, be adds, and although Derchert is big by US standards its style appears closer to that of Titmuss, a factor that appeals to Mr Clayton. So will Travelex use Dechert in the US?

Mr Clayton says he will decide after meeting the partners in Dechert's New York office next month. Ideally, he would like to use Dechert in the US. "I've had very good feed-back from the US about them so I can see no reason not to. Wa are an international company, so for our chosen law firm to become more international can only

But will Dechert's long-standing US-based multinational clients feel the same way about using Titmuss in London? Mr Wyness suggests that Dechert's US-based clients, accustomed to being referred to leading City firms on big transactions, may raise eyebrows if they are suddenly steered towards a (medium-sized) London firm they have never used before.

"I wonder whether the arrangement will bring Titmuss deals it would not have otherwise got," Mr That will be the litmus test. If the

link-up does bring Titmuss more global work, then other City firms could also start to dust off their own transatlantic merger plans.



## Nicholson gets its Butler

icholson Graham & Jones. a medium-sized City law firm has appointed Mr Jim Butler, former senior partner of KPMG Peat Marwick, as a non-executive member of its partnership board. Mr Butler is chairman of European Passenger Services and a non-executive director of British Rail, Tomkins, the conglomerate, and Cameiot, the consortium put together to run the UK National Lottery. His role at Nicholson will be to advise on management issues and act in an ambassadorial capacity.

Mr Michael Johns, Nicholson's managing partner said the firm was looking for a non-executive with a professional services background to take an objective look at the partnership. By appointing Mr Bntler the firm was "trying to say we're ambitious, that we want to be seen to be different and that we are flexible",

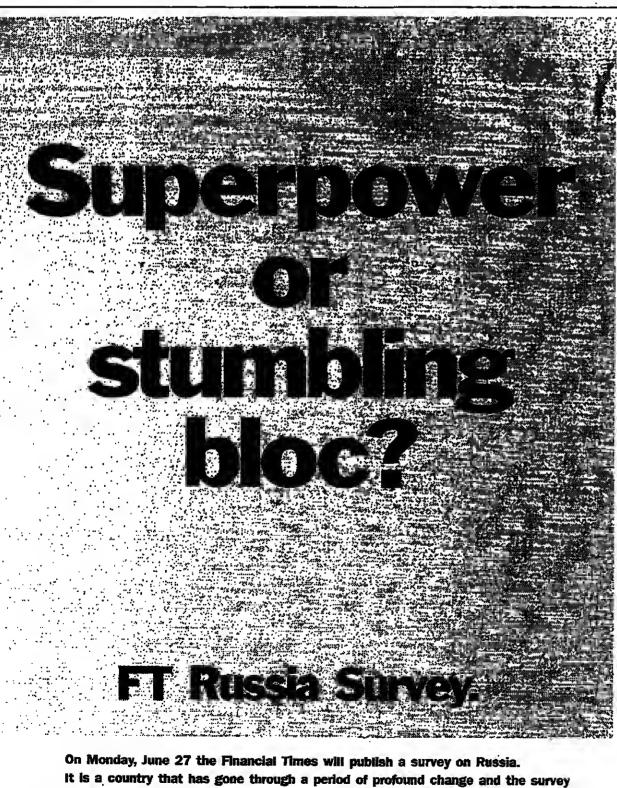
Nicholson is not the first firm to take on outsiders in a non-executive capacity. Freshfields has two non-executive members of its partnership board. Mischon de Reya also has a non-executive chairman. But Nicholson is the first medium-sized City firm to take-on a non-executive and Mr Johns believes Mr Butler's appointment could spark a trend. Management is an issue for ali law firms at the moment, be says

#### An unhappy lot ne in three UK businesses

is unhappy with its professional advisers according to research by accountants Levy Gee. Less than 40 per cent of companies surveyed thought their solicitors had a good understanding of their business. Half thought their lawyers were good value for money. Only 15 per cent said they were satisfied with advice received.

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# Hung, but by its own petard

This is not art but a product marketed as such, argues William Packer

n their very different ways, the two exhibitions now filling the Anthony d'Offay galleries say much the same thing of the present avant-garde, at least in its high commercial aspect. None of it is shocking, any more, and goodness knows it must sell very well or it would hardly be where it is. In one sense, at least, it makes very good sense indeed.

But while none of us objects to the euccessful turning of an honest crust, we are left with a legitimate question hanging in the air. what has any of it to do with art? For what seems to be on offer here is not art as such but a product marketed as art, which is not quite the same thing. Perhaps it is but the cynical exploitstion of a gullible market - but need we weep for those in a position to be thus exploited? No: a fool and his money, and all that. Only when it begins to take itself seriously, to seek to jus-tify itself in high and abstract terms, does the cynicism betray itself.

Of the two artists on show, Georg Baselitz is at once the more interesting as an artist and, in consequence, the more seriously dispiriting. For here is the once powerful and original painter who, in the late 1970s, adopted the hare for-mula of turning his pictures upside-down. He has never looked hack. At the Venice Biennale of 1980 he showed a monstrous reclining and gesticulating figure. It was rudely carved but possessed even so a raw energy and primitive authority. His sculpture, like

he fortunes of Shake-

speare's lesser-known

plays cast a fascinat-

III or all Shore

1.1

in the state of th

his painting, has grown ever more crude and perfunctory in both image and execution ever

In this latest show are three large wood-carvings, though hacked rather than carved would be a better description. One is a monumental head, faintly reminiscent in its pro-file of the Indian tradition. The others are one-armed torsos, of which the larger retains what passes for a head. All three are hat for the selective applica-tion of bright red paint to breasts, eyes and months. Again, to say the paint is applied is generous, for in truth it is elapped on, to stick where it hits.

This is what Heinrich Heil has to say in his catalogue note: "Baselitz is on the move, a man possessed ... he crisscrosses the quarry of past forms, preparing the way for his pandemonic will to return in ever new formations . . .

Heathenry pervades the entire body of Frau Paganismus (Mistress Paganism) - instilled in her by Baselitz, the intellectual iconoclast, not in order to cast out the Alien but to find the Other beneath tha gashed smoothness of sacred sculp-ture." Is it only such rubbish as this, that would have us take it so seriously, that gives cynicism its bad name; or do Heil and Baselitz themselves

The thought that Baselitz is not a cynic at all, but a true believer, would be a matter for real and lasting deapair. Whichever the case, the trag-edy is that he remains the artist in potential he always was. Even as they stand, these carvings are possessed of a remarkable physical presence for being the himps of wood they are. What Baselitz offers us in such things, alas, is only the proposition of image and idea, never the resolution.

Jeff Koons could never be accused of not taking things far enough. In the face of his excesses, how we wish he could. His mystery lies only in how he has advanced so far in his reputation as an artist at all. We are back to Marcel Duchamp again, and, with his urinal and bicycle wheel, to his ironical play on the nature and status of the work of art - only the poor old innocent was not to know that his ready-made would become the byword for all thet is mindless and facile in late 20th century art.

Koons has made his fortune by it, first declaring himself as an artist, some 10 years ago, by showing squadrons

cabinets, and floating basket balls - eat your heart out, Damien Hirst - in tanks of water. So he has progressed, as we can see, through model rail-way engines in stainless steel; St John the Baptist with a pig and penguin in porcelain; naked children; a pile compris-ing a pig. goat, two dogs and a bird in painted wood; a bear and a policeman; to vases of carved wooden flowers, and wooden poodles. Only tha works from the "Marriage Made in Heaven", to Ilona Staller, "la Cicciolina" – now on the rocks - are missing.

ere then is the cele hration of the kltsch and the banal, with its circular and self-serving justifica-tion thet goes back to Dada, though the wit gets ever thin-ner - object, and you have missed the point accept and missed the point: accept, and still you have missed the point. What does Koons have to say about it all? "I believe that taste is really unimportant: salesmen are today's great communicators: I believe artists must exploit themselves, and they must also take the responsibility to exploit their viewers: I am completely adaptable. In the art world I have always found everyone very weak. The art world really has been up for grabs." He at least is an open cynic.

Georg Baselitz: Frau Paganis mus; until July 30: Jeff Koons: A Survey; until August 18. Both at the Anthony d'Offay galleries, Dering Street, W1.

great. In Mark Bazeley'a perfor-

mance, a near-schizoid aware-

ness gives glimpses of self-

loathing.
In this climate of rottenness

even the most hlameless char-



Towering in command: Steven Page as a potent, saturnine Nick Shadow

Opera/David Murray

#### acter is reduced to status of bawd: the jilted Mariana is a cackling drunk, though when 'The Rake' renewed allowed to Marianne Jean-Baptiste shows a moving dignity. Yet even in this corrupt

Vienna, there are two performances that would fit magnifiavid Hockney has cently into a traditional probourne's celebrated production (from 1975) of The Rake's Progress, and in the new house his designs look more brilliant than ever witty, imaginatively apt, visually sensational. John Cox has come back to direct it again, and with the odd hright new detail the whole conception rings true. This is an unforgettable

> Musically - well, it is nearty as good. Andrew Davis takes the London Philharmonic through Stravinsky's score with his usual lively intelligence, and due care for his singers. The darkest, sternest passages are a touch light-weight; the soft-edged attack that Davis cultivates so appealingly in Richard Strauss alternates here with nervy brittleness. I found myself wishing that he could swop places with Elgar Howarth at the Garsington Opera: Davis to lavish more unashamed tenderness upon Strausa'a Capriccio. Howarth to emphasise the

tough muscle in the Rake. Tom Rakewell himself is sung by an interesting American tenor, Stephen O'Mara (his first time): a nice edge of hysteria, genuinely moving when ruined, hut too much tight tone and too often unintelligi-

ble in the Anden/Kallman words. Promising, though; and so is Christiane Oelze's sweetly frail Anne Trulove, though she misses the brave resolve of her climactic Act I aria. It is left to Steven Page's potent, saturnine Nick Shadow - the gure - to wield the full weight of his character. and thus to dominate the evening.

On the new Glyndebourne stage David Hockney's designs look more brilliant than ever

It was only two years ago that this latecoming star essayed the role for Glyndehourne's young touring company; hut Page should expect an international demand for his Nick in many future seasons. Besides the advantage of imposing height, he is a sharp and subtle actor, in towering command of his words and his

For Babe the Turk, the Rake's rash choice of a circuswife, Jane Henschel's throaty comic delicacy matches her luxuriant beard, more plausi-

Baba. Cox has given her an affecting moment when she plucks out a hair of it - at some evidently painful cost for one of her admirers. On a cameo scale Robert

Tear's ripe, preening auctionvital theatrical charge to the post-prandial third act (specially important at Glyndebourne, as the audience is liahle to drift off). Frode Olsen makes a fine, upstanding Tru-love *père*, and Angela Hickey a cheery old trout as Mother Goose, the brothel-mistress. In the brothel scene and everywhere else, I missed more of the eager Glyndebourne chorus's words than expected

As with O'Mara's Tom, however, I was unsure whether the fault lay with them or with the tricks of the acoustic. For Figaro three weeks ago I sat in the rear stalls, a bit higher, and heard almost every word; nearer the stage this time, I lost many more of them. That may be one of the uncontrollahle accidents of the theatre, and in any case the losses were marginal compared to the persuasive certainties of the pro-

Revival sponsored by British Airways; in repertory until

Theatre/Martin Hoyle

Celebration of kitsch: 'Popples' by Jeff Koons

## Measure for Measure

ing light on social attitudes. The modern age tunes in clearly to the wavelength of Troilus and Cressida, for examnew version through such exotic localities as Tokyo, Rio, St Petersburg and Darlington. At the Lyric, Hammersmith, for a month, Declan Donnelple, with its bleak cynicism towards romantic love and biltous vision of ruling classes hickering over war as they would at croquet. Now comes a lan's updated production begins ominously. With Peter Lilley's hairline and John Gummer's devoutness, the sleekly-suited career politician Measure for Measure which underlines our current obsesston with the private weaknesses of public figures, homing in on the outward puritan Angelo portends heavy-handed who burns with inner lust. Angelo's hypocrisy is less satire. Will the well-meaning important than his abuse of hnt out of touch Duke be power as ducal deputy to gratplayed as Prince Charles? When he yells "Supply me ify his lust. Unlike today's Brit-

ing a monkish gown or a quick thans distinguished between the domestic bahits and the The production is not that professional abilities of their rulers. They would not autocrass. Over the years Cheek by matically agree that a hureau-Jowi has evolved a style that crat is unfitted to negotiate might be defined as the defence contracts, say, because unthinking man's Jonathan he wears panty-hose at home, Miller. This can result in freshness and vitality or the overegwhen indeed the reverse might well he true. ged pudding of a Twelfth Night when almost every line was re-

interpreted, even working in an implied affair between a weepy Feste and a hunky Texan Aguecheek. The suspi-cion lingers that the company's main aim is to show A-level students that the classics can be cool.

The new Measure for Measure avoids such excessas. It skips through the low-life scenes with restraint (Mistress Overdone is modelled on a Dora Bryan chirpy tart, c.1950). It inspires some excellent acting. It oddly makes little of the central dilemma - should Isabella sleep with the man who can spare her brother's life? - and leaves a moral puzzle at the play's heart

For Stephen Boxer's Duke. incognito among his subjects and foiling his deputy's tyranny in the nick of time, is

excitable and really rather silly protagonist of a allent-screen cliff-hanger. He is cut down to size as a meddler who toys with people's lives. The final scene of retribution, reconcilia-tion and mercy finds the assembled company grim-faced with resentment. The Duke has played God and we live in a secular age. This is 20th-cen-tury editorialising; if you accept the Duke, not Angelo, as the (unwitting) villain of the piece. It paints a desolate picture of a society with no point of moral reference.

seen as a melodramatically

It also turns Lucio into a romantic hero. The "fantastic" a louche man-about-town, parasite and name-dropper, is hril-Hantly seen as a gossip-colum-nist figure. One of life's free lunchers, he blossoms in scabrous anecdotage about his alleged familiarity with the

Anastasia Hilla's Isabella, long-eyed and with the wide mouth of a Greek tragic mask, begins as fluttery, uncertainly bossy as she pleads for her brother, meeting Angelo's ped-antry with her own. Her eventual focus on rage, shock and grief is almost painful to watch, Adam Kotz lends Angelo tragic stature: the dry, hloodless inhumanity that can hlaze helplessly into passion. Even in sexual blackmail, his bureaucratic logic remains: he rightly makes "Who will believe thee, Isabel?" the most chilling line In the play.

Opera in concert/John Allison

## Francesca da Rimini

Group, which places us all in its debt with regular concert Glordano's operas, does not performances of neglected seem to have had a chance to works, made a good case for it at the Queen Elizabeth Hall on prove itself in England since it reached Covent Garden just five months after its Turin Operas hy Puccini'a younger premiere in February 1914. and lesser contemporaries Francesca has fared better elsehave received a bad press here where: it is done from time to recently - Giordano's Fedora time in Italy, the Metropolitan Opera revived it ten years ago. at Covent Garden got a decided critical unwelcome last month and it turns up next month at hut Francesca, a more the Bregenz Festival.

D'Annunzio's late-Romantic

with the habit!" is he demand

elaboration of the story from Dante's Inferno gave Zandonai (who died 50 years ago this month) rich scope for atmospheric writing. Francesca is thickly scored - consistently colourful, seldom cloying and the orchestra rose to it, despite some tentative playing in the "silent love duet". The chorus projected the battle music - irrelevant, but a spectacular diversion - effectively.

Though the lush score substitutes melodramatic gesture for dramatic urgency, Nicholas Braithwaite conducted a lively,

loving performance.
In the title role, Hannah Francis gave an expressive performance, using her creamy soprano to make the most of the character's surprisingly undramatic music. The three brothers in the plot were all clearly characterised: the tenor

Richard Berkeley-Steele (ENO's recent Lohengrin) sang Paolo the handsome brother with whom Francesca falls in love, with plenty of unforced tone; the brutal Gianciotto, who Francesca is tricked into marrying, was taken with vivid power by the bass Phillip Joll; and the unpleasant Malatestino, who out of jealousy alerts Gianciotto to the lovers, was sung with tenorial venom by Gareth Lloyd. Two soprano ladies-in-waiting, Jillian Foster as Garsenda and Helen Astrid as Biancofiore, stood out from the rest of the large cast for their lively performances.

INTERNATIONAL

deserving cause than any of

Cheek by Jowl has toured its

iccardo Zandonai's Fran-

cesca da Rimini may not be a first-rate opera, but

it is one of the best vieces of its

kind and the Chelsea Opera

Saturday.

## **AMSTERDAM**

Muziektheater Tonight: Dutch

National Ballet in choreographies by Rudi van Dantzig. Toer van Schayk and Hans van Manen. Tomorrow, Fri: Riccardo Chailly conducts final performances of Lluis Pasqual's Netherlands Opera production of Falstaff, with cast headed by Bruno Pratico. Next Mon: Merce Cunningham Dance Company gives first of four performances of Ocean, based on an idea by Cunningham and John Cage (020-625 5455) Beurs van Berlage Tonight Lev Markiz conducts Nieuw Sinfonietta Amsterdam in arrangements by Henze and Adams, with mezzo soloist Jard van Nes (020-627 0466) Concertgebouw Tomorrow: Marc Minkowski conducts Rotterdam Philharmonic Orchestra and Chorus in concert performance of Bruno Madema's arrangement of Monteverdi's Orfeo, with cast including Judith Howarth, Kathleen Kuhimann and Guy de Mey. Sun aftemoon: Hans Vonk conducts Radio Philharmonic Orchestra in

works by Zimmermann, Stravinsky, Lutoslawski and Skryabin. Next Mon: Reinbert de Leeuw conducts Radio Symphony Orchestra and Chorus in concert performance of Max Brand's opera Machinist Hopkins, with cast including Henk Smit and Suzanne Murphy (24-hour information service 020-675 4411 ticket reservations 020-671 8345) Bellevue Thurs: first of seven performances of Peter Brook's The Man Who, based on the book by neurologist Oliver Sacks (070-320

## ■ ANTWERP

de Vlaamse Opera Tonight, Sat: Stefan Soltesz conducts Petrika ionesco's production of Die Fledermaus, with cast headed by John Hurst and Cynthia Lawrence (03-233 6685)

## **■ BRUSSELS**

Palais des Beaux Arts Tonight (Conservatoire): Jos van Immerseel conducts Anima Etema in works by Matthew Locke, Bach and others. Tomorrow: Antonio Pappano conducts Orchestra and Chorus of the Monnaie in Mendelsschn's Bijah, with soloists including Keith Lewis and José van Dam. Fri: Günther Herbig conducts Hague Philharmonic Orchestra in Webern, Schoenberg and Mahler, with mezzo Catherine Robbin and tenor Stephen O'Mara (02-507 8200) Monnaie Tonight, Thurs, Sun, next Wed: Antonio Pappano conducts Karl-Ernst and Ursel Hermann's production of Le traviata, with cast headed by Etzbieta Szmytka, Laurence Dale and Victor

Ledbetter (02-218 1211)

**■ CHICAGO** THEATRE Libra: Steppenwolf Theatre'e most famous alumnus, John Malkovich, has returned to direct his own adaptation of Don Delillo'e novel, a fictionalised account of the life of Lee Harvey Oswald. Final week (Steppenwolf 312-335 1650) Breaking the Code: Hugh Whitemore's 1986 play about lovalty. national expediency and homosexuality. In repertory with Anthony Clarvoe's The Living, a new play about the London plague of 1600 (Interplay 312-654 1055) • A Little Night Music: Michael

Maggio directs this Sondheim classic, halled as the perfect romantic musical comedy. Just opened (Goodman 312-443 3800) Guys and Dolls: Jerry Zaks' award-winning revival of the timele musical fable of Times Square gangsters, gamblers and good-time

girls is now on a national tour, and

runs in Chicago till July 3 (Shubert

312-902 1500)

RAVINIA FESTIVAL Tonight'a concert features Dionne Warwick, Burt Bacharach and the Ravinia Festival Orchestra. Tomorrow: five-woman group Zap Mama. Sun: Milton Nascimento. The Vermeer Quartet gives the first classical music concert of the season on Thurs, and the Chicago Symphony Orchestra begins its annual residency on Fri with the first of six concerts conducted by Christoph Eschenbach, His first programme is Bruckner's Te Deum and Beethoven'a Chorai Symphony. On Sat, Eschenbach is soloist in

Besthoven's Second Piano Concerto. Next Mon: Claire Bloom and Anna Stelger present an evening of Shakespeare, with musical settings by Copland, Prokofiev and others. The festival runs till August 28. Ravinia is eltuated in Highland Park, within easy reach of downtown Chicago by train, bus or car. To order tickets by phona, call 312-ravinia. Outside the metropolitan Chicago area, call 1-800-433-8819. Tickets can be ordered by fax 24 hours a day: 708-433 4582.

#### **■ GENEVA** Comédie Tonight, Sat and Sun: John Duxbury conducts Pierre-Alexandre Jauffret'e production of Purcell's King Arthur

(022-310 9193) Grand Théêtre Fri. next Mon and Thurs: Christian Thielemann conducts Robert Carsen's production of Lohengrin, with cas headed by Thomas Moser, Hartmut Welker, Eva Johansson and Marilyn Zschau (022-311 2311)

## THE HAGUE

Dr Anton Philipszaal Sat: Günther Herbig conducts Hague Philharmonic Orchestra in works by Webern, Schoenberg and Mahler (070-360 9810)

## ■ VIENNA

Staatsoper Tonight, Fri, next Tues: Riccardo Muti conducts Le nozze di Figaro, with Bryn Terfel as Figaro. Tomorrow, Sat: Les Contes d'Hoffmann with cast headed by Neil Shicoff. Thurs: Ulf Schirme

conducts Marco Arturo Marelli'e new staging of Cardillac, with Franz Grundheber. Sun: Götterdämmerung with Gabriele Schnaut, Siegfried Jerusalem and Matti Salminen. Next Mon and Thurs: Tosca with Raina Kabaivanska, Luciano Pavarotti and Sherill Milnes (51444 2955) Konzerthaus Tonight: Friedrich Gulda is director and piano soloist with Vienna Symphony Orchestra (712 1211) Musikverein Tomorrow: Yevgeny

Kissin piano recital. Sun morning, next Mon evening: Rudolf Buchbinder is director and piano soloist with Vienna Symphony Orchestra in works by Haydn, Schumann and Beethoven (505

## ■ WASHINGTON

 Jazz trumpeter Wynton Marsalis and vocalist Nancy Wilson join forces tomorrow at Wolf Trap. The programme on Sat and Sun is a jazz and blues festival, with guest artists including Milton Nascimento, Dave Holland Quartet, Jimmy Scott and many others (703-255 1860) Christopher Hogwood conducts

National Symphony Orchestra in a Mozart Festival on Fri, Sat and Sun at Kennedy Center Concert Hall. Soloists include pianist Robert Levin and tenor Curtis Rayam (202-467 4600)

 David Lockington conducts Baltimore Symphony Orchestra in outdoor concerts on Fri, Sat and Sun at Oregon Ridge. Fri: popular classics. Sat: big band, blues and Bernstein, Sun: Copland, Bernstein and Beethoven (410-783 8000) Max Roach Double Quartet

presents spirituals, ragitime and

Kennedy Center is Miss Saigon, the musical love story set during the Vietnam War. Dally except Mon (202-467 4600) Shenandoah Shakespeare

modern jazz on Sat at Columbia Festival of the Arts (410-715 3055)

The main summer show at the

Express performs Much Ado About Nothing, Othello and The Tarning of the Shrew in repertory at Folger Shakespeare Library. Opens tonight, till July 3 (202-544 7077) The Trip to Bountiful, Horton Foote's play about an elderly

woman'e search for peace in the midst of family struggle, runs till July 3 at Olney Theater (301-924

#### **ZURICH** Opernhaus Tomorrow, Sat: Un ballo

in maschera with Vincenzo La Scola, Glorgio Zancanaro and Mara Zampieri. Thurs, Fri: Mozart ballet production, choreography by Bernd Bienert. Sun: Franz Welser-Möst conducts first night of Erwin Piplits' new production of Rusalka. The season runs till July 3 (01-262 0909) Tonhalle Thurs: Vogler Quartet plays string quartets by Kurtag, Haydn and Brahms, Sun: Edmond de Stoutz conducts Zurich Chamber Orchestra in a Bach programme (01-261 1600)

Schauspielhaus Tonight, tomorrow Sat: Dürrenmatt's The Visit. Thurs. next Mon: new production of Pirandello's Man, Beast and Virtue, directed by David Mouchtar-Samoral, Fri, Sun: David Marmet's Oleanna. There is also e studio production of John Osborne's Look Back in Anger. The

season runs till July 8 (01-221 2283)

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Hamoshire in 1944, the Bret ton Woods Agreement on currency convertibility and

exchange rate stability holds its mystical alture. In the industrial countries today - with resurgent protectionism, recurrent over- or under-valued exchange rates, high unemployment, and slow growth – people talk wistfully of recapturing the spirit of Bretton Woods. It seems a noble quest. But is the 1944 agreement the right starting point for international mone

tary reform today? After 1945, currencies in western Europe and Japan mained inconvertible and in inflationary disarray. Trade remained bartered, narrowly bilateral, and so limited that output in Europe and Japan staved unnaturally depressed well into 1948. Furthermore, either because its mandate was incorrectly drawn or its financial resources were too slender. the International Monetary Fund did nothing to relieve this currency impasse and post-war economic crisis.

The great rescue operation was engineered not by the IMF but by the Marshall Plan, from mid-1948 through early 1952, in Europe, and by the 1949 Dodge Plan in Japan, By 1951, the virtual elimination of inflation in western Europe and Japan was followed by 20 years of stable (some would say unduly rigid) exchange rates based on the US dollar - whose purchasing power over tradeable goods also remained constant until about 1968. What can be called the "Marshall-Dodge fixed-rate dollar standard" led a healthy life until 1971, when President Nixon insisted that the dollar be devalued, to avoid disinflat-

ing the American economy. Both the Marshall and Dodge plans depended on direct dollar assistance from the US. But surprisingly strong conditions the elimination of fiscal deficits and inflation, and the stepby-step elimination of currency restrictions on current trade were attached. In Europe, the Payments Union (EPU), established in September 1950 for securing full multilateral clearing among central banks of 16 western European countries.

To ensure credibility, the US dollar was enthroned both as the unit of account and means of settlement within the EPU. European governments declared exact dollar parities,

## Recapturing a lost spirit

Ronald McKinnon in the first in a series on the 50th anniversary of Bretton Woods



to facilitate clearing interna-tional payments and secure a "nominal anchor" for their war-ravaged financial systems. Similarly, Japan fixed the yen at 360 per dollar, as anchor for its successful disinflation in 1949-50. To maintain their dollar parities, European counand Japan subordinated their domestic monetary policy to their fixed exchange rates. autonomy. After the war, both

In what ways did the 1950-1970 Marshall-Dodge standard differ from the spirit of Bretton Woods? Marshall-Dodge imposed a common monetary standard on the industrial countries at the outset of the policy of fixing exchange rates. Participating industrial countries experienced roughly the same low rate of price inflation in tradeable goods - about 1 per cent per year - as the US.

Why deny that the negotiators at Bretton Woods in 1944 wanted a stable common monetary standard, or at least ed for something similar to Marshall-Dodge? Keynes, who dominated the thinking of the conferees, drew up tha Bretton Woods articles to give each national government flexibility in choosing its own macroeconomic policy, to secure full employment.

Remembering the failure of the international gold standard in the inter-war period, Keynes did not want to establish any common monetary standard. Nor, because of his concern with "hot" money flows in the 1920s and 1930s, did he want an unrestricted world capital market. He and his intellectual heirs subscribe to the principle of national macroeconomic

Keynesians and monetarists

rejected the idea that monetary

autonomy be limited by inter-

national obligations.

Woods negotiators normalcy in foreign trade on current account. Continual exchange rate fluctuations, and prolonged misalignments that upset a country's macroeconomic equilibrium, were to be avoided. A new parvalue system restricted shortrun exchange rate fluctuations within 1 per cent on either side of "parity". Exchange parities would be easy to enforce as long as capital controls remained in place. With economies insulated from each other on capital account, the main criterion for the IMF to agree exchange depreciation would

be whether a country had an ongoing net trade deficit. Thus did the negotiators of 1944 imagine they had recon-ciled the principle of national macroeconomic autonomy with limitations upon exchange risk

in international trade. With hindsight (and Milton Friedman), we now know inflationary national monetary poli-cies cannot sustain higher levals of employment. But that was not the prevailing view at Bretton Woods in 1944. Despite its great success in practice. the "accidental" advent of the Marshall-Dodge standard was a conceptual anathema to most ional economists in the 1960s and 1960s - with echoes

to the present day. How does this potted history matter for reforming today's

First, because international capital markets are now fully open, a trade deficit no longer warrants an exchange depreci-ation - which the old spirit of Bretton Woods encouraged. For example, the ongoing US current-account deficit has encouraged the American government to cajole the Japanese into two serious episodes of yen overvaluation - in 1986-87 and again in 1993-94. In both cases, a slump in private exchange overvaluation, caused a sharp downturn in the Japanese economy with no reduction in its current

Second, as with the Marshall-Dodge standard, securing more stable exchange and interest rates must proceed simultaneously with the international harmonisation of national monetary policies. The keystone must be a low or zero rate of inflation in a broad basket of tradeable goods.

A second-best technique for providing a common nominal anchor is to turn the job over to a single dominant country whose own internal price level has been relatively stable. In some unusual historical circumstances, this may work well for a while. Yet any such asymmetrical standard remains vulnerable to upheavals in the centre country. Far better to negotiate a fully symmatrical agreement among hard-currency countries - like Japan and the US in the 1990s - for anchoring the price level of the group in a manner consistent with keeping nominal exchange rates stable into the

The author is William Eberle Professor of International Economics at Stanford University

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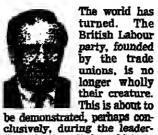
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## Joe Rogaly

# Ghosts of Labour past



ship election. It is a historic change. Some of us have long believed that Labour would not form another government until it made itself as institutionally separate from the unions as the American AFL-CIO is of the Democratic party. In Britain we are nowhere near that happy state, but the management of the party by power-ful trade union leaders has become so diminished as to be a mere irritant.

It did not seem like that in

1992, when the late Mr John

Smith was elected leader with heavy and visible union sup-port. Progress was made at last year's conference, when onemember-one-vote was adopted for the selection of parliamentary candidates, but it looked then as if the price Mr Smith paid - a speech appearing to offer the unions favourable legislation by a future Labour government - was too high. Now it can be seen that the that conference was worth the effort expended in engineering it. For the new method of voting for a leader, Mr Smith's successor, is closer to gennnely democratic than any-

thing in the party's history. The elactoral college is divided into three; Labour representatives in the Westminster parliament and the European assembly; constituency Labour party members; and trade unionists who are also Labour supporters, Most, but not all of the 3.75m or so individuals entitled to vote in the union section may make their decisions without benefit of guidance or pressure from union leaders. Of Britain's big five unions only the T&G - the Transport and General Workers - has recommended a canthey have become. didate, Mrs Margaret Beckett. Yet all five will send Labour's standard ballot forms to mem bers' homes. These will be accompanied by a leaflet pro-

photograph and short election address. The last page will invite recipients to join the party as direct members. With fond memories of my long service in direct mail, that sounds convincing to me. Yet if Labour is turning postaldemocratic, It is the Tories who must take some of the

credit.

duced by Labour party HQ, with each candidate allowed a

Electoral Reform Socisubsidiary and Unity Security Ballotting Services, will scruand tinise, count returns. They

have had much party's history. practice as a result of Conservative legislation obliging unions to consult their mem-

bers every other afternoon G will stuff its envelopes with a statement urging recipients to vote for Mrs Beckett. It may regret that. When its general secretary, Mr Bill Morris, was elected there was a 24 per cent return. Perhaps with all the publicity there may be 30 per cent this time. That suggests that only the most politically aware in the T & G will particlpate. There is no telling bow much those who do bother to mark their ballots and send them in the reply-paid envelopes will be swayed by their union's leaflet as against all the other influences on their thinking, but there has to be

some bias in favour of Mrs Beckett. There had better be a bit, or Mr Morris and his executive will be seen to be as politically impotent as in truth

The big five will account for something like three-quarters of the vote. Some of the smaller unions have stated a preference for Mr John Prescott. One is the railway union, the RMT, to which Mr Prescott offered strong support yeste day. It will conduct a full postal ballot of 80,000 of its members. Another, the GPMU printers' umon, will hold work. place ballots for 97,000 political levy-paying members. Naturally it expects a higher turnout, perhaps 75 per cent. We

The new method ers will be influenced by of voting for Mr the union offi-Smith's successor cials who distribute and colis closer to lect the papers, genuinely and may even watch while democratic than the choice is anything in the Such wrin-

kles aside, the national primary that is now being conducted should produce a result that reflects the views of Labour supporters, or at least those interested enough to vote. Some expect that proportion to reach 40 per cent, on the grounds that the winner may well be the next prime minister. Whatever the figure. the process will set union influence where it belongs, on the margin of party affairs. Sooner or later the union block vote at party conferences, already diluted, will be swept away, thus concluding the divorce between party and "movement". Everyone should now be able to see that coming. What a pity, then, that nooe of the three leadership candi-

dates - not even Mr Tony Blair

 has yet had the courage to say directly and in trenchant terms that the RMT does no service by bringing its members out on strike. In 1964. when an unofficial stoppage sbut down London's underground railway during election week the then Mr Harold Wilson described it as "intolerable", and went on to win with the greatest swing to Labour since 1945. In the current, official, dispute the RMT has done everything by the book. The management has played the government's band badly. There is some sympathy for the railway workers. That is still no reason for Labour's putative leaders to be mealymouthed about an action that causes great inconvenience to

many people. Such fearfulness of the spirit of union power past is Old Labour talking. It still burbles. When the BBC went on strike on the night of the Euro-elections the party ruled that none of its leaders should cross picket lines. That was plainly absurd. Over the weekend Mrs Beckett contrived to show that she was more sympathetic to secondary picketing, that scourge of the 1970s, than either of the other two candidates. Mr Prescott neatly stepped aside from that one, but he was not so robust as Mr Blair, who has made it clear that his programme for labour legislation would not start with a clear-out of the Thatch-

erite unioo laws. The ideal Labour leader would replace the habit of supporting all official strikes with a less predictable approach. Yet Mrs Beckett and Mr Prescott evidently believe that they need the unions' approval That may be why Mr Blair, the likely winner as leader, and the most robust on unions, has declined to stata a preference for deputy. He must find it difficult to choose between a millstone and an albatross.

#### LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## No evidence of need for London council

Sir, Would international business be more likely to come to London, and that already here stay, if the capital had an elected council for the whole of the built-up area grounded in the English sys-tem of local government? The study London Factor ("London's image at risk, says report", June 16) argues precisely that. The report says financial service companies feel London is drifting aimlessly in the absence of such a council, and is destined to lose out to other cities. I framed and did the interviewing for the study, but feel obliged to dissociate myself from this

interpretation.

Vodafone

valuation

rom Dr Graham M Lomas. | Businesses with a high cleri- | London's standing specifically | ably - to sustain London's cal component reduce operations in London because costs and managerial complexities are too great - things a London-wide council would not mitigate. Foreign banks that leave do so because London is over-banked. International companies remaining have seen London become more important recently to global business strategies revised in the wake of the worldwide recession; but costs and potential returns will loom ever larger in future in their locational decisions and may lead some to move husiness away. A London-wide council would have little impact on either factor. Those interviewed felt

vis-a-vis Europe would on the whole not be significantly reduced by financial centres and a central bank developing on the mainland - though again, some work would inevi-tably move that became more suited to a European location. Problems mentioned by businesses interviewed - manpower, training, transport, reg-ulations - could be noticeably reduced through higher quality

decision-making and adminis-tration in existing local, central, and institutional governments. None raised would appear to be better addressed through a new local authority for Greater London. It is important - unquestion-

among world metropolises. Special, and highly flexible arrangements have to be found to bring real strategic thinking regularly to bear on blg issues. Systems of city-wide government elsewbere, and cootinual failure in London's past to orchestrate land-use planning successfully as between bousing transport and jobs, show us what to avoid, not what to repeat. A London-wide local authority bas been superimposed on the London Factor study. I fear it does not emerge from the evidence. Graham M Lomas, 49 Smithamdowns Road Purley, Surrey CR8 4NJ

image and its unique status

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## Concorde, but not Cleveland fallacy

Sir, Once again your Leader From Mr Patrick Earle. writer devalues a well-argued Sir, Re Lex's comment on the examination of the fallings of relative valuation of Cellnet and Vodafone (Securicor, June 13). The valuation would be more comparable if it took account of two important factors. First, the differing levels of debt in the companies: Vodafone has more than £100m of

eral hundred million pounds of capitalised finance leases. Second, unlike Cellnet, Vodafone has substantial international investments which could be worth £1bn. If these factors are taken into account Cellnet wuld be valued at 65 per cent of Vodafone's UK operations, rather than 45 per cent con-tained in Lex. The higher percentage seems a more reason-able level; as Lex pointed out. Vodafone has double Cellnet's

net cash while Cellnet has sev-

cash flow and operating profit. Patrick Earle, vice president. J P Morgan Securities. 60 Victoria Embankment. London ECAY OJP

the Local Government Review ("Councils and the Concorde fallacy", June 14) with the repetition of the myth that there is case for abolishing a conurbation-wide authority in the Teesside area because Cleve-land County is "unpopular". • Fact: Results of Mori opin-

From Mr Bruce Stevenson,

ion polls for the Local Govern-ment Commission show the level of community identity with Cleveland is above average, higher, for example than

technology revolution. Britain's 7.5m deaf and hard Lincolnshire, Dorset, Wiltshire and Gloucestershire - and twice the level of Avon with which you seek to bracket us. • Fact When Harris Opinion Research surveyed local people on behalf of the Institute for Local Government Studies it found satisfaction levels with Cleveland County

ity in recent years.

• Fect: Cleveland County Council has not argued for its own survival, but for the recreation of a Teesside-wida anthority, with a separate

services among the highest

recorded for any local author-

authority for Hartlepool. The Mori survey figures show that the identity level of Teessiders with a Teesside-wide authority is one of the highest recorded

anywhere in the country. You are quite right to compare this ill-fated Review with the "Concorde fallacy". But please – stop repeating the "Cleveland Fallacy." Bruce Stevenson, chief executive and treasurer. Cleveland County Council, PO Box 100, Municipal Buildings,

## IT will end generations of exclusion for deaf through in communications.

From Stuart Etherington Sir, Your excellent supplement on Telecommunications in Business (June 15) omits to mention one group of citizens who have more than most to benefit from the information

of hearing people stand to profit from a great break

especially as video-phone tech-nology becomes common place in the home and office. For deaf people – whose first lan-guage is British sign language – video phones allow independent access to the telephone network for the first time, as current trials at the RNID are

The IT revolution, which is changing all of our lives, will end generations of exclusion and second-class status for deaf people in Britain. Stuart Etherington, Chief Executive. Royal National Institute for Deaf People,

105 Gower Street

London WCIE 6AH

## No conflict in investigating accountants becoming receivers

From Mr Derrick S Woolf. Sir, I refer to Andrew Jack's article, "Debate Reopens on Accountants' Insolvency Role" (June 16) which refers to Mr John Jackson's letter poblished the same day. Mr Jackson "launched an attack on the process by which investigating eccountants appointed by banks are permitted to take on the receivership of the busi-

ness they examine I am a partner in Levy Gee, chartered accountants. We carry out a significant number of viability reports on behalf of a good cross-section of lending bankers. Each assignment commences with an agreed let-ter of engagement which makes clear that our duty of care is owed to the lending banker and not to their customer. A recent legal judgment stated that it is not possible to owe a duty of care to more than one party.

A hank will not appoint a receiver if there is a viable alternative and any insolvency practitioner who recommends this course, simply to improve his fees, will soon see his work

flow dry up.

Lending banks are reluctant to lose customers. What is rarely emphasised by banks and accountants is the substantial amount of diligent work each does in rescuing companies and businesses. About half of the cases we handle do result in a receivership

appointment. Therefore, the other half do not, and I hope benefit from our involvement promoting a better communication and understanding between banker and customer. Costs and efficiency is an important factor. Where receiv-

ership is unavoidable, it is clearly cheaper and more effi-cient to have the same firm conduct tha viability assignment and the receivership. They will be familiar with the company's situation and be eble to "hit the ground run-ning". A fresh receiver would have to waste valuable time bringing itself up to speed with the situation which could lead to higher costs and e slower

We do not agree with Mr Jackson that there may be some dangerous conflicts of interest where he perceives that a reporting accountant can exercise considerable eco-nomic power. Consider the case of the surgeon or barrister. If they recommend surgery or proceedings to trial is It eovisaged that they would have to say "sorry, please go to another surgeon/barrister as I have a perceived economic power in pursuing your case and therefore you need to go to somebody else to take the matter further". Derrick S Woolf.

Levy Gee. 66 Wigmore Street, London WIH OHQ

## FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: 071-873 3000 Telex: 922186 Fax; 071-407 5700 Tuesday June 21 1994

## The left in disarray

The French Socialists' decision to ditch Michel Rocard is hardly surprising, after their miserable score in the European election. But it would be sad if this marked the end of Mr Rocard's political career. For 20 years he has been the leading spokesman within the party for the arguments of reason. of economic as well as political liberalism, and indeed of reality. He has been handicapped throughout by President Mitterrand's illconcealed, and on the whole ill deserved, resentment.

In pure politics Mr Rocard was never Mr Mitterrand's equal, and the fact that he has failed to revive his party's fortunes after its landslide defeat in last year's parliamentary elections can hardly be denied. It seems that Mr Jacques Delors may have a better chance of success. But it is also clear that the crisis of French socialism, indeed of socialism Europe-wide or even worldwide, goes well beyond questions of personality.

The existence of such a crisis is only loosely connected to the fall of communism in eastern Europe. It was already visible well before 1989. The central doctrine of socialism, namely collective ownership, had been seen to be inefficient. More modest goals - the evelling of economic differentials, the welfare state, the right of workers to organise and defend their interests collectively within the workplace - had long since been accepted in principle by most European conservatives. The latter challenged them only at the point where they they became difficult to defend: where redistributive taxation put too great a burden on the taxpayer, where deficit-financed public spending threatened national bankruptcy and hyperinflation, or where trade union power became a serious obstacle to economic growth. In Britain and Germany, during the 1980s and early 1990s, socialists have failed repeatedly in theh attempts to regain power, and have been driven to accept more and more of their opponents' poli cies. In France and Spain socialis parties were able to remain in power through most of this period but only because voters trusted them to blunt the sharper edges of a policy shift towards economic freedom, which the socialists themselves acknowledged as neo

essary and were prepared to carry out. But in the recession of the early 1990s they found themselves unable to deliver on that promise and are now paying the electoral price. Fairness might seem to require that British and German socialists should now be given a chance. But, on last week's showing, German voters may not be ready to take that risk come Octo-ber, while British voters will not have the opportunity to do so for at least another two years.

The European left may find encouragement to the efforts of President Bill Clinton to elaborate a new agenda on such issues as healthcare and welfare. But that has to be tempered by awareness that espousing policies similar to those of Mr Clinton would involve a shift to the right far grester than most European social democrat parties are prepared to contemplate. In much of western Europe, the left has ceased to exist as a clear alternative to conservatism or neo-liberalism. That may be a good thing in as much as the old left's economic policies were miserrided and ruinous. But in as much as democracy is supposed to be about choice it is rather trou-

Agency dangers

bas been one of the successes of the Conservative reforms of the civil service. More than 60 per cent of civil servants now work in more than 80 agencies, providing services such as the payment of agement of prisons and the testing of beavy goods vehicles. By allowing managers to focus on the delivery of a particular service. the agency approach has improved the efficiency and effectiveness of government services.

The success of agencies has also encouraged managers to adopt a more entrepreneurial approach to the businesses they manage, seeking ways of developing and expanding them. In some cases, the result has been to squeeze the agency's assets - for example, by encouraging more foreign tourists to visit historic royal palaces. In others, new business bas come from "vslue-added" services at premium prices, such as testing beavy goods vehicles on operators' premises to improve fleet utilisa-

There are dangers, however, in this new entrepreneurialism if it brings agencies into competition with the private sector. This is what appears to be happening at HMSO, the agency that publishes government legislation such as acts of parliament, statutory instruments and codes of practice. Legal publishers have complained that HMSO is using its power to

The creation of executive agencies license the reproduction of crown copyright texts to freeze them out

bling. Disgruntled voters may be

tempted, as in Italy, to plump for

of the market. For example, HMSO will no longer license the reproduction of some legislative source materials that are available under its own And it is de alties at full commercial rates for electronic publishing, while itself entering the business through joint ventures. The publishers say that the more restrictive approach dates from the conversion of

HMSO to an agency in 1988. In any other line of business, such behaviour would soon fall foul of the competition regulators. Yet as part of government, agencies are not covered by the legislation on restrictive practices. While the Office of Fair Trading would investigate a complaint, there is no legal remedy it could take to stop anti-competitive behaviour against a crown organisation such

HMSO's new approach to licensing crown copyright materials indicates that stronger supervision is needed to stop agencies using their privileged position to damage potential competitors. If government bodies are encouraged to trade and compete for business, they should be subject to the same regulatory regime as the private sector. And if agencies are in a position to compete with the private sector, they should be at the top of the list for early privati-

Competitiveness

about their ability to compete. they lead the world in the business of studying competitiveness. indeed, the issue has been so extensively analysed recently that there might seem little left to say. To its credit, yesterday's report on the subject by Unice, the European employers' federation, manages usefully to advance the fron-

Unice's argument is not just that public spending is becoming increasingly difficult to finance, but that much of it retards, rather than enhances, productive economic enterprise. It urges more ambitious privatisation and rigorous sppraisal of future government investment, to ensure that it contributes to economic welfare and does not squander resources on activities which could be performed more efficiently by a comEurope, Among many continental governments, EU policymakers and left-of-centre politicians generally, there remains a strong con-viction that increases in public expenditure are self-evidently a good thing, while cuts are almost always economically and socially

They would do well to read the World Bank's latest World Development Report, published this week. It mounts a devastating case against governments' record as investors, citing widespread evidence of waste and economic distortion, particularly in infrastructure projects. True, Europe's performance has been superior to that of most developing countries. However, that makes no less valid the Bank's central argument that public investment focuses too much on increasing the stock of infrastructure for its own sake, and far too little on the quality of services delivered. The unambiguous message is that if the investment is to serve productive ends, the state must make way for mar-

ket forces. That conclusion will not be easy to sell politically in Europe, nor to implement. Unice's report, at least, offers a starting point. It also provides timely support to Mr Günter Rexrodt, Germany's economics minister, who says he wants to use his government's EU presidency in the second half of this year to lead a crusade in

n the centre of Syntagma, or Constitution Square, in Athens there is a big black hole, emitting a 24-hour whine. It might work as a symbol for those among Greece's European Union partners who regard its economy as a hopeless case and its government's policy as little more than sustained pleading to maximise revenue from the EU

But the hole is, in fact, a main locus of the EU's most ambitious regional and structural aid plan. agreed at the 1992 Edinburgh summit. Overall, this plan has funds of Ecui56bn (£120-12bn) for 1994-99, more than double the Ecu64bn spent on regional policy in 1989-93. Its admirers claim this is, in real terms, more than twice the US-fi-nanced Marshall Plan which helped

Syntagma itself is the bub of what will be the Athens metro two 17.6km lines from north-tosouth and east-to-west, to belp turn the traffic-clogged and polluted Greek capital into a modern city. The permanent whine comes from the ventilator in the tunnels, which are progressing slowly towards the metro's completion in 1998, about a year behind schedule.

It is the largest European Union structural aid project and, with the completion of the Channel Tunnel, one of the higgest public works projects currently under way in Europe. The two lines are expected to cost Ecu2.4bn, and if additional branches are added later, another Ecu2hn will be needed.

The EU provides 50 per cent of the finance as a grant, a further 40 per cent comes through long-term loans from the European Investment Bank (EIB), and the Greek government puts up the 10 per cent remnant

It is the grandest example of what the EU calls "cohesion", transferring money through the Union budget from the rich heartland of Europe to the poor or run-down regions and the periphery, in an attempt to pull up their income to average EU levels and make them

At the Corfu summit of EU leaders on Friday and Saturday, hosted by the current Greek presidency of the Union, there will be a good deal of grumbling from the main net contributors to the EU budget -Germany, the UK, France and the Netherlands - about whether the redoubling of the "cohesion" effort is worth it.

The German finance minister Mr Theo Waigel has warned several times this year that Bonn, by far the EU's main paymaster, feels hard done by. In March, the UK foreign secretary Mr Douglas Hurd told a Brussels audience that some BFr300m a day went to Greece as part of "very large flows" of EU resources, "but there are too many reports of that money being

But is it? What is the quality of this spending, and does it, as ne average pe capita income of the poorer coun-

tries and regions? The only completely comparable fig-ures for regional and national development within the 12 measure per capita income growth, against an EU average of 100, between 1980 and 1991 - too early to register the full impact of the 1989-93 cohesion

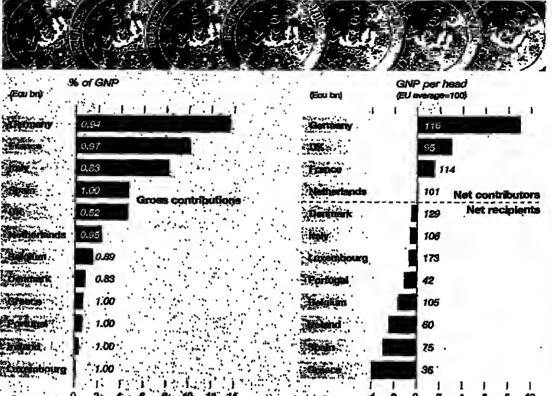
Of the four poorest, or "cohesion" countries, Spain saw average earnings per head rise from 71 to 80 per cent of the EU average; Ireland rose from 60 to 72 per cent; Portugal from 53 to 60 per cent; while Greece slipped back from 52 to 49 per cent. Such bald figures do not provide the answer, however. They incorporate Germany's eastern Länder for the first time, thereby raising everybody else's average. They mask regional slumps from the Lorraine to the Portuguese Alentejo. Most of all, there are no reliable figures which disaggregate how much of

this growth might have occurred anyway. In Brussels, and in the governments in Spain, Portugal, Greece and Ireland, there is general assent that these countries have been abls to modernise, particularly their

Is EU structural aid a black hole of funding from Brussels, or an effective way of raising incomes, asks David Gardner

# Poverty trap with an exit

EU structural spending: value for money?



road and railwsy infrastructure, much faster as a result of EU help. An examination of EU structural and regional spending in the poorer member states, particularly Greece and Spain, suggests some prelimi-

nary conclusions. • The quality of Brussels spending, on projects and programmes, is

generally high; • The volume of spending, the Brussels revenue collection system, and the legal requirement that national and regional governments "match" EU finance with their own funds in varying proportions, puts additional pressure on the budget deficits, not only of donor, but of

recipient, countries;
• A great deal of EU cohesion money flows back to donor countries, whose construction and engineering companies are destto carry out funded projects.

The EU aid is run from Brussels with parsimony and detail by the regional policy commissioner Mr Bruce Millan, the former UK Labour government's Scottish secretary. His DG16 directorate of about 240 is headed by a Spanish Basque, Mr Eneko Landaburu, one of the Commission's most highly regarded director-generals. These two have often been ruthless in witholding or transferring money from projects they regard as dubi-

ous or lacking rigour. One senior DG16 official says, in reference to southern Italy: "My impression is that much of this money went to the Maña", referring to the sverage Ecul3bn a year flowing to the Mezzogiorno in 1989-93, only 14 per cent of which, however,

Brussels has withheld nearly Ecu3bn from southern Italy, apportioning some of it to projects elsewhere to the country that can be monitored regularly. Partly as a result, Rome now requires regions seeking national funding to comply with EU criteria on regional aid. Using outside anditors, DG16 says: "We can generally ensure the big projects are clean." The Commission's auti-fraud unit is, however, currently investigating a hydroelectric project in Lazio where there

is a dam but no water. In Greece in 1989-93, Brussels withheld the bulk of finance earmarked for large projects, regarding them as inadequstely thought through and badly managed. Scarcely 80km of motorway was built, for instance, because Brussels objected to the Greek practice of parcelling out small stretches to different companies, which regularly underbid to secure the contracts, and thereby often failed to complete

There is little doubt contractors from donor countries get big shares of the business generated

the link with other stretches. The money was instead spread around smaller regional programmes, reducing internal income disparities, but not boosting Greece's economy relative to its

But a sea-change in Greek government attitudes in 1991 - which the current Socialist administration appears to endorse - has meant that a good deal of the 1994-99 money, worth about Ecul9bn to Greece, will go to projects such as the Athens metro and an Ecu2.5bn 550km gas pipeline being built from the Bulgarian border to Athens.

The metro is the showcase for the change. Commission pressure for strengthened management brought to Bechtel, the US civil engineer, to set up the Attika Metro company, overseen by a six-strong board of Greek business figures. Bechtel has a contract for Eculé.9m to manage the project. A 25-company consortium known as Olympic Metro, led

OBSERVER

by Siemens of Germany and Interinfra of France, is doing the building. Squabbling within the consortium, and recurring rich archaeological finds, are the main source of hold-ups, which the Bechtel team

metros they have been involved in building from the US to Taipei. Mr Bill Stead, the Bechtel man put in as chief executive officer of Attika Metro, says: "I've never received less public pressure, or as close to zero as you can get."

dismiss as insignificant in compari-son to, say, the Channel Tunnel, or

Lack of a similar integrated man-agement structure has helped to hold up the half-built Greek gas pipeline, where the project manager, PLE, a subsidiary of Ruhr Gas, has been "bolted on" to more dispersed contractors, rather than integrated on the Attika Metro model.

Moreover, having contracted with Russia for the gas, Athens, in the Brussels view, has yet to decide fully what it will be used for. The Commission believes the project needs a low pressure network for domestic gas users to be viable, and is proceeding cautiously with fund disbursement. This could be the first [EU-funded] cathedral in the desert" if it does not get such a network, one senior Brussels official warns.

While successful projects leave something of lasting value, there is little doubt contractors from donor countries get big shares of the busi-

On the Athens metro, non-Greek companies supply everything from the tunnel boring machines (designed by Mitsubishi and assemhled by Framatome of France), to the rolling stock (Siemens, AEC and GEC/Alsthom), and the signals and communications systems (Siemens and Alsthom). The factory which makes concrete segments for the tunnels was assembled in France. Inside it, only the labour and the cranes are Greek. One senior Attika insider says German contractors supply even the wire mesh for the concrete segments, first "setting the specifications to ensure the Greeks can't compete fairly".

The imported content of the total project is estimated by Attika to be 75 per cent. "I would say that most of the D-marks go back," one senior officer says. A Commission study shows that four out of every 10 Ecus for Portugal - which gets roughly the Ecul9bn Greece gets flows back to donor member states.

The EU flows strengthen recipient countries' capital accounts, but worsen their trade accounts and fiscal position because governments have to put up public money to qualify for the EU finance.

In Spain, the biggest nominal recipient of about Ecu36bn in 1994-99, a senior Treasury official says that "the synergy" of the cohesion idea, "once translated into Spanish, means that we buy from

Apart from the import content of the high-speed train (AVE) from Madrid to Seville, this is an exaggeration; Spanish construction companies are not only competitive at home, but currently involved in building the Toulouse metro. Spain's particular gripe is different.

As column four of the table shows, the poor countries make above-average gross contributions to the EU hudget, which is raised more from VAT receipts than on the basis of relative prosperity. Even though they are net winners after EU spending is distributed gross outlays are made by the central government and much of the EU inflow returns to local authorities, leaving a hole in the central budget. "This is a diabolical mechanism for our budget deficit," the Madrid treasury official says, and obliges governments to keep public

So far the EU has provided only about 10 per cent of Spanish infrastructure spending, rising to 15 per cent in 1994-99, but this official fears the EU flow could still induce spending on unnecessary projects.

EU rules channel most funds towards the poorest areas, to try to iron out regional imbalances rather than reinforce relative comparative advantage in more developed areas sucb as Madrid, Valencia, Catalonia

and the Basque Country.
The Pta600bn Madrid-Seville AVE link - to which the EU contributed more than Ecu400m - fits in with this policy, even though starting with a link from the French frontier to Madrid, which Spain will largely have to fund itself, would appear more logical.

he benefit of this and new road links to Spain's depressed south has yet to translate into significant investment, much less jobs. But as Mr Jose Borrell, Spain's minister of public works, says: "You may not have industry in Andalusia and Extremadura, but you have the chance of putting some there; without roads and rail links you haven't."

The link runs through Castilla-La Mancha, the land of Don Quixote. where Ciudad Real, a slumbering backwater now only 50 minutes instead of nearly three hours from Madrid, has become a dormitory town for the capital and alternative investment site for companies based tbere. "It's been a sort of unexpected miracle," says Mr Jose Bono, Socialist president of the regional

In his office in Toledo - once the Emperor Charles V's bedroom - Mr Bono says EU funding amounting to 40 per cent of his budget is bringing the region into the 20th century Roads, electricity and telephones. modern eewage plants and more rational irrigation, new schools and hospitals, have drawn in more private investment since Spain joined the EU in 1966 than in the previous

half-century. He and other Spanish officials acknowledge that Spain might have grown faster by funding its more dynamic regions, but only at the cost of "disarticulating" the country. "That debate has been resolved for us by the European model," Mr Bono says, with gratitude and feel-

Much as the US and Europe worry

As well as making predictable calls for more flexible labour markets, lower social costs and action to belp small business. Unice embraces a more radical idea. It is that the governments to which the report is addressed are mainly responsible for the problems they are being called on to solve. The only way out, it suggests, is to reduce permanently their traditional roles, particularly in respect of public expenditure.

petitive private sector. Such notions, though dear to British ministers, are far less widely shared elsewhere in favour of deregulation. Czech this bitter brew in the second world war, Brits grew accustomed to - if not exactly in love with - that culinary

miracle, the powdered egg. But has anyone spotted the beer drinker's equivalent of a doodlebug? The reason for asking is the news that somewhere in central Europe powdered beer will soon be hitting the street. It is being launched by Jan Oliva, s Czech brewer who hails from the land which gave us the original Budweiser

Oliva, like many Czechs, is keen to break into the Russian beer market but has been hindered by high transport costs. Hence his recipe for powdered beer. Far from feeling shameful at committing such sacrilege, Oliva stoutly defends his product "It looks like beer, it tastes like beer and it has a head, too," he says. It also has the big advantage of costing the

equivalent of 8p a pint. Initially he is selling 40 tons of beer powder to the Russians. But who knows how long it will be before British pubs are ringing to the cries of a "pint of your best powder, Landlord!"

Rutting season

■ Who is Jill Rutter, the shadowy member of the prime minister's Downing Street policy unit, who

#### sat in on a Railtrack board meeting last Friday? Surely she is not the same Jill Rutter who, as a Treasury civil servant, was seconded to the team which dreamed up the poll

tax? Many regard her as one of its real architects. If they are one and the same, then her presence behind the scenes at Railtrack strengthens the suggestion of the late Robert Adley MP: that rail privatisation is a "poll

Mail shot

■ The last word to high-tech communications snobbery. A colleague'e fax machine has received a letter from a US corporation, ending with the following apology: "Our company does not have an Internet address, but you can fax a message at . . .

Stone turned Argentina's President Carlos Menem rarely misses a chance to embellish his image of playboy, sportsman, racing car-driver and hob nobber with glitterati.

So when Oliver Stone sought his support for a film version of the musical Evita, he agreed to open the doors of the Casa Rosada presidential palace - the famous pink house in Buenos Aires that was the scene of Juan and Eva Peron's greatest triumphs 40 years

# PARTY HEAD RUNKTERS



we settled for a mascot'

But he soon realised that the rank and file of his Peronist party which still worships the Perons abhorred the notion of a Yankee film-maker desecrating the image

The president is even more interested in getting re-elected next year, so he just as quickly pulled out again. Bitter tears from Oliver.

Missing inaction

Mohammed Nashashibi, Palestine's new finance minister, was not in his office yesterday. Not surprising really, as he doesn't have an office, a telephone, or a

secretary. He may or may not depending on who you talk to -have s home in Jericho, the fledgling capital of Palestinian

self-rule. Mohammed Shaker, the only man officially allowed to talk to the press on behalf of the Palestinian administration, said the minister's whereabouts were unknown. He may have gone to Nablus,

or east Jerusalem, or perhaps was indeed somewhere in Jericho. Nashashibi has said thet his finance ministry would be the "most important department" of the new Palestinian administration. If he had a secretary, that message could probably be passed on to his fellow officials.

Tea-tray travel

Now that the Thais have found a purpose for redundant Thames river-buses, perhaps Britain's rail commuters might follow their

practice regarding rail networks. In provincial Thailand, people use rail tracks for their personal transport, improvising their own rolling stock from wheels placed under a tea-tray-sized platform. Standing, they punt their way briskly down tha line, with the help

of a long pole. How many have not yearned to be their very own train driver? Imagine the advantages: fitness addicts would take to it like ducks

to water. It might take a day to get into the City from Tunbridge Wells. But on Wednesdays at least it would avoid sitting in traffic

Ex-directory

So you want the number for Heathrow airport? Readers of British Telecom's latest telephone directory are requested to "see Airports". On arrival at this page in the

directory, they are re-directed to "see our display advertisement". Then the trail goes cold. The same fate awaits anyone

wanting to discover the number for Gatwick and Stansted airports. Of course, pay 45p to directory inquiries and the number is yours for the asking.

Keep your station

■ The news that Airtours, which specialises in ferrying the sun and sangria crowds around the Mediterranean, is encouraging customers of its new cruise ship venture to dress for dinner, reminds Observer of an old tale of a wealthy scrap metal merchant who took his wife on a round-the-world

cruise. Two days out of Southampton, the retired couple were invited to dine at the captain's table.

"Certainly not!" snapped the wife. "We didn't pay all that money to eat with the staff."



FRINTERS • COMPUTERS • FAX

## FINANCIAL TIMES

Tuesday June 21 1994



Carmakers' discussions to focus on co-operation in Europe

## Mazda reopens talks with Ford

By Michiyo Nakamoto in Tokyo and John Griffiths in London

Mazda, the Japanese carmaker, yesterday said negotiations had resumed, after a year'a suspension, on possible European co-operation with Ford, the US

Ford has a 24.5 per cent stake in the Japanese company and earlier this year strengthened its representation on the Mazda board. It had been expected that Ford and Mazda might renew discussions on the possible produc-tion by Ford in Europe of Mazda badge cars for sale in European markets.

However, Mazda said no specific projects or details of co-operation had been decided, and Ford of Europe executives insisted that no fresh initia-

court backs

unitary tax

**Supreme** 

Continued from Page 1

tives had been launched. Senior Ford executives said earlier this year that European production for Mazda would be one of the priority issues to be examined, as a result of the closer strategic relationship being developed between the two

groups.

The prospect of Mazda being drawn into closer collaboration with Ford has also been revived following the "globalisation" programme announced several weeks ago by Ford.

Ford is restructuring its operations into "world" car divi-sions in which Europe is taking the main responsibility for igning and developing small and medium-sized cars for pro-

Mazda becoming part of these "world" operations. European collaboration talks between Mazda and Ford were suspended in March last year after the two companies decided that a co-operative deal being discussed at that time was not to

either's advantage.

Co-operation between Mazda and Ford then was considered within a certain framework and focused on a specific car model, Mazda said. For that particular model, the companies decided a deal was not attractive.

However, talks have restarted on a different basis and a variety of options are likely to be discussed, including joint venture manufacturing and own-equipduction worldwide.

Mr Alex Trotman, Ford chairman, has beld out the prospect of sold by the Japanese car com-

Mr Yoshihiro Wada, president of Mazda, bowever, denied speculation that Mazda will commission Ford to assemble small pas-senger cars in Europe at Ford's UK manufacturing plant.

Tha Japanese car company, which has seen its European sales battered by the high yen, has been eager to find a way of manufacturing its cars within

"The European market follows the US market in importance to Mazda, so local sourcing is em-

cial," Mazda said. The company, which has also seen sales in Japan shump, does not intend to set up manufacturing on its own, as its marketing capacity in Europe would not support a full-scale independent manufacturing plant.

## South Korea offers talks as move towards first summit

By John Burton in Secui

Mr Clinton said.

Sonth Korea proposed a working-level meeting with North Korea on June 28 yesterthe method embraced by the US federal government and by inter-national tax treaties, the court said California's use of the day as an initial step in arrang-ing the first summit between the method did not infringe on Conleaders of the divided Korean gress's sole right, under the US In Washington, President Clinconstitution, to "regulate com-

merce with foreign nations, and among the several states". Legal experts said the decision showed the court's determination to leave matters of policy up to Congress, even when, as in the Barclays case, Congress has indi-cated its stance only by rejecting administration requests to legislate against unitary tax.

California last year passed a new tax law which essentially removed compulsory unitary taxation by allowing companies to choose instead a "water's edge" assessment, in which only income within the US is taxed.

son's budget for the financial year which starts on July 1 had counted on a favourable Supreme Court ruling allowing the state to collect about \$600m in past tax assessments during the next 12

Earlier estimates by the state had put the amount of money at stake at more than \$4bm.

Clinton hopeful of averting clash

Seoul signals end to curbs on

President Kim Young-sam without any preconditions. The work-

ton said there were "hopeful signs" that a clash over North Korea's nuclear programme could be averted, but cautioned that Pyongyang's offer to freeze the programme had to be veri-"It it's going to be frozen, then clearly that is grounds for talking, but we have to know does not drag on or pose problems in procedure and agendawhat the facts are, so we'll be attempting to determine that," setting as in past contacts. The sooner the summit occurs, the

The US continued efforts to line up support for sanctions through a UN Security Council resolution in spite of weekend been suspended. US officials were consulting their Russian counterparts and said "we are being very cautious" about the proposed

North Korea's response to the South's proposal will provide an early indication of the sincerity of last week's offer by the North's President Kim II-sung to meet

over North's nuclear programme

\_Page 5

ing-level meeting will discuss the time and place of the summit. Mr Lee Hong-koo, the South's deputy prime minister for unifi-cation, said: "Results should be produced in the near future so that this preparatory contact

Other government officials cantioned that it might take several months to prepare for the meetpositively to the summit proposal, with the general share index rising by 1.76 per cent to

A summit would guarantee that South Korea will have a role in resolving the North Korean nuclear dispute and complementing possible North Korean talks with the US and the International Atomic Energy Agency on international nuclear inspections, the foreign ministry in Seoul

The South Korean president said his main summit goal would be to secure agreement on mutual nuclear inspections between the two Koreas, as promised in their 1991 non-nuclear pact. "It is very important for the South and North to make mutual inspections in the end," Mr Kim

Disagreements over the issue led to the collapse of contacts between Seoul and Pyongyang in late 1992. The North refused the South's demand for inspections of suspected nuclear facilities, which would be more intrusive than those requested by the predicted that inter-Korean talks leading up to the summit would progress in tandem with proosed discussions between North Korea, the US and the IAEA.

That would prevent the North from using the summit as an opportunity to disrupt Seoul's close co-operation with Washington on the nuclear issue.

## THE LEX COLUMN

## Steeled for recovery

Since British Steel's profits were more or less in line with expectations, its heroic 4 per cent rise in yesterday's sorry equity market must have been due to the doubling of its dividend. But investors may be optimistic if they think such generosity is a harbinger of things to come. Quite apart from the fact that the payout is covered only 1.7 times, the recovery will present new challenges for British Steel which may limit the room for dividend growth. As long as there are no real signs of the capacity problems in Europe being resolved, the next downturn promises to be as brutal as the last. The company must position ttself to survive.

The primary task is to reduce its dependency on European markets. The planned investment in Tuscaloosa is clearly part of such a strategy, but it will mean an increase in capital spending which has been held down during the recession. British Steel's halance sheet again contains net cash, but it survived the recession as well as it did only thanks to the substantial cash endowment with which it was privatised in 1988. It will need to maintain that balance sheet advantage

throughout the recovery.

European revival should see British Steel generating handsome amounts of cash. Its UK plant, though, is already operating at between 90 and 95 per cent of manned capacity. More capac-ity could be created with only relatively modest spend on bottlenecks, but given its complaints about over supply in Europe, it would look odd for British Steel to add more production. For now the recovery looks likely to be felt more in prices rather than volume. To restore its peak dividend and cover it twice, British Steel's earnings would have to rise five-fold. That may take longer than the market

#### **UK** equities

It will be cold comfort to investors that yesterday's sharp fall in UK equities was brought about by non-domestic jitters. The main trigger was Friday's rise in the US commodities index, which fuelled inflationary fears and savaged bond markets. There is also little comfort in the fact that UK equities fell less far than continental through the 3,000 mark with few signs of institutional buying. Trading was thin, with most of the action in the futures market. Though it is now harder to argue that equities are over-

FT-SE Index: 2971.1 (-51.8) British Steel Share price relative to the FT-SE-A All-Share Index

valued on fundamentals, institutions are unlikely to move in until the market stabilises The main bope remains that shares will be carried higher as the strength of the recovery in corporate earnings becomes apparent. But the higher bond yields rise, the greater the scope for disappointment on this score too. Profits will not nly be constrained by higher borrowing costs; the increased cost of capital could curtail invest-ment, leading to less robust growth than currently anticipated. So far, the only indications of interest rates curbing activity are in the housing market, where inflation forecasts are being downgraded. But the government's need to plug its deficit seems likely at some stage to crowd out corporate sector investment too. An anaemic recov-

ery would damp inflationary fears and

so could be good for bonds. But such

an outcome would hardly be bullish

#### Philip Morris

It would be too simple to blame Marlboro Friday for the sudden depar-ture of Mr Michael Miles from Philip Morris. True, \$12bn was wiped off the company's market value following its decision to cut the US price of its leading cigarette brand. Shareholders are understandably concerned that they will never see a decent return on that investment, but the shares had been driven up by margins on Mariprice differential between Mariboro and cheaper brands was widened despite falling market share.

Since Mr Miles took charge in 1991.

though, the bind was partly of his own making. The episode underlines the fact that, despite its food interests, Philip Morris faces bigger challenges in tobacco. It is no coincidence that Mr Miles, who arrived with Kraft Foods in 1988, has been replaced by two tobacco veterans. The margin squeeze experienced across the US industry following Marlboro Friday is likely to change the competitive land-scape. BAT Industries' acquisition of American Tobacco in April may be a sign of consolidation to come. The introduction of a new federal excise tax also poses problems, although the sums being mooted are less fearsome than a few months ago.

Seesation to

in tors

Against that background, Mr Miles' advocacy of plans to split food from tobacco may have seemed like a distraction. While some measures to increase shareholder value would be welcome, squeezing the most from the tobacco business would be a good place to start

#### Electra

Electra Investment Trust has often been compared to 3i, the venture capi-tal group on the point of being floated. But 3i's advisers, who are to announce the launch price tomorrow, will be hoping investors do not take the analogy too far. Not that there is any reason to complain about Electra's underlying performance. Its interim results - in particular, the 11.6 per cent rise in net assets over the half year to the end of March - exceeded expectations. It is rather that Electra is now trading on a 17 per cent discount to net assets The implied discount on its unquoted investments is even greater if its quoted investments are valued at average market discounts. 3i is thought to be looking for a 13 per cent discount, There are, of course, real differences

between the two groups. 3i invests in smaller companies, which are expected to outperform larger companies at this stage of the economic cycle. More over, many of 3i's stakes are valued ou the basis of earnings relating to the year to June 1993 or earlier. Since then profits will, in most cases, have moved ahead strongly. It could also be argued that Electra's discount to net assets is only so large because of yesterday's sharp fail in the equity market. Its s rose only 9p, despite net assets per share exceeding expectations by about 30p. The snag is that this point cuts both ways. 3i may have to accept a fractionally larger discount, given it is being floated on choppy waters.

State Seattle

## Steel subsidies battle to go to European Court

Continued from Page 1

owned companies in Italy, Spain,

Germany and Portugal.

The association has asked the court to rule that the aid be suspended immediately until the court has reached a final judgment on the legality of the subsidies, a process that could take

two to three years. British Steel said it was acting because it had no other means remaining to express its dissatisfaction about European steel subsidies. "We cannot get the politicians to address the problem, so we are forced to go to the court," Mr Brian Moffat, chairman and chief executive, said yesterday. The company's assault appears

even if, as Mr Moffat said, the arguments are basically But British Steel made clear its

aim was to stop any further aid by using the Italian and Spanish subsidy approvals as test cases.

If British Steel wins, Commission officials would have a prece-

dent to belp them turn down future requests for state aid. But Mr Moffat hopes the case will cause member states "at least to look more than once" at using Article 95 of the treaty, which allows state subsidies to be paid to be a high-risk strategy, as it cannot be guaranteed victory to companies but only after unanimous consent from the Council of Ministers.

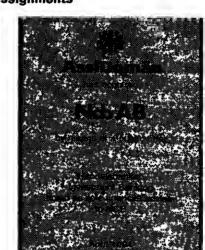
The Commission insisted yesterday it had acted legally under Article 95 of the treaty. British Steel made its own decision to begin the action, but it is understood that the UK government was consulted. The Department of Trade and Industry said "understood the frustration which has driven some efficient unsubsidised private sector companies to take this independent

British Steel's move coincided with its announcement of pre-tax profits of 590m (\$122m) for the year ended April 2, compared with a £149m loss a year earlier. The news helped the company's shares buck the trend in a sharply falling stock market, rising 5%p to 139p.

## Handelsbanken **Investment Banking**

Selected recent advisory essignments

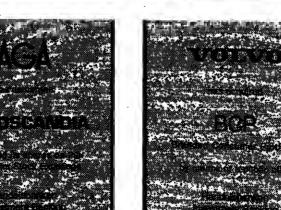




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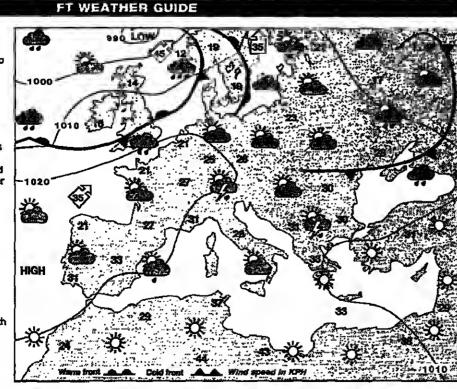
Specialists in Nordic corporate finance

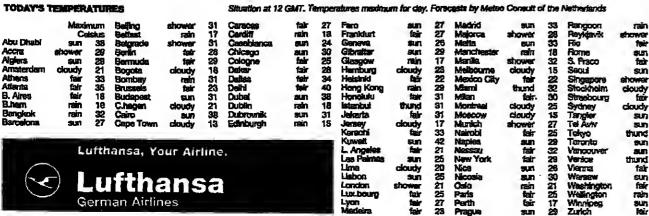
## Europe today

A cold front will bring overcast skies and rain to the British Isles and Norway. Sweden will start with surmy spells, but cloud will increase, followed by rain. Finland will have frequent sunny spells. The Benelux and north-western France will be partly cloudy with only a small risk of light rain over the northern regions. Germany, Poland, the Czech Republic and Slovalda will have sunny spells. Sunny intervals and thunder showers are likely in the Alps and northern Italy. Central and southern France and Italy, Portugal and Spain will be sunny. Thunder showers will develop over the Balkans, while Greece and Turkey will be sunny.

## Five-day forecast

A high pressure area will keep the continent and most parts of the British Isles mainly dry until the end of the week. However, rain will persist in Scotland. Over the weekend, the elihood of thunder showers will increase. especially over France. Temperatures will gradually rise to well above normal over vestern Europe. Scandinavia will be cloudy with some outbreaks of heavy rain, although on Friday a small high pressure area will bring sunny spells.





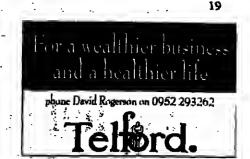
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THE FINANCIAL TIMES LIMITED 1994

Tuesday June 21 1994

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## IN BRIEF

## Compensation for **Daf creditors**

Bank creditors to Daf, the Dutch truckmaker which collapsed in 1993, have received nearly 10 per cent of what they were owed and are likely

Challenge to Tambeo.

The challenge to the world's best selling the Zintac, made by Glazo, intensified yesterds when a second company said it would imme a generic version of the drug at the end of n year. Page 20

Eramet expects listing

Rainet, the French group which is the world's
biggest producer of terro-nickel and high-speed
steels, has just put the finishing touches to a
FF12m (\$360m); five year investment programs
Mr Fves Ramband; chairman, and chief executi bourse before the end of 1994. Page 21

back into profit. Page 22

Grupo Domos, the private Mexican comparthat last week agreed to purchase 49 per ce of Cuba's national telephone company, pl to apply for a long distance relephone lic

margine for Australian foods o sales of 9 to 10 per cent, across the business? according to its chief executive. Page 24

Fast Midlands Electricity is raising its divide 16 per cent to 22.7p in spite of a sharp fall profits, mainly because of the costs of closi most of its contracting operations. Page 26

ets at Electra, the venture capital inves ment trust, rose 11.6 per cent to 390.9p per share over the six months to the end of March. Mr. Mich eel Stoddart, chairman; said he viewed the n

20 Kymmene 20" London City

6 Mediobanca

25 Novopherro 27 Parker & Paraley

20 Phillip Moints

a good file at the water

Def NV Dares Estates Edos. Elders (XL Edridge Pope Electra Inv Trust Electronic Data Gregas

Europay Int'l Pletcher King Geo Natural

Grupo Domos

Market Statistics Bood futures and optio Bond prices and yields

Managed Ainte Service
Money regress
How ind-bond leaves
Record Service, LK

Mediobanca forced to delay rights issue

nced in April:

nearly 24 per cent since the and of April Investors were unsettled

nk said it would define a new you the last trace of equity gains netable for the operation in the achieved since Mr. Silvio Berlus

# New US bieder enters battle

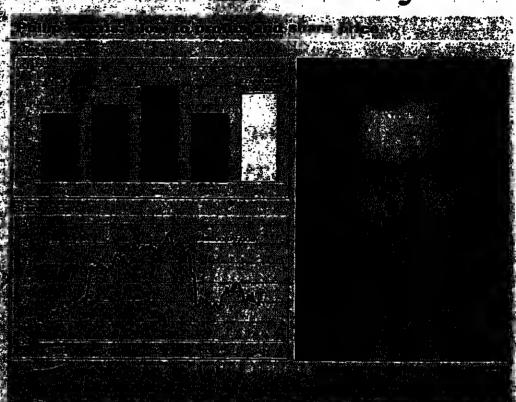
22 MJ Gosson 13 reserves total San barrels of oil
26 Manafield (John) 27 equivalents controls mainly gas
26 Mastercett int 22 assets and most of its properties
27 Mattel
28 Jedi is owned by US-based

Enron, the rapidly growing natu-ral gas company, and the Calif-ornia Public Employees Retire-ment System (Calpers), one of the

Parties In Section 1 of the Comment of the Comment

Miles's departure is a victory for those who want cigarettes to remain Philip Morris' core activity, writes Richard Tomkins

A explanation for Mr. Michi Welcome back to Malboro country



Boe of the most difficult periods of his tenure ca

and Mr Geoffrey Bible from exec-utive vice president to vice chairman for world-wide tobacco.

Three weeks later, the two have been promoted again, and Mr Miles has gone. So, apparently, has the notion of splitting up Philip Morris into separate food and tobacco operations. Yet investors seem happy at the outcome: the shares were up \$% at \$51 yesterday as the market ted the implications

such as Mr Gary Black at Sanford C. Bernstein, a Wall Street not so much the difficulties the company was experiencing with its cigarette operations in the US as a lack of leadership and a decline in morale.

Mr Miles was a notoriously low-profile chairman and chief executive, declining to face the press and rarely meeting analysis hypestors hope that a new and more aggressive leadership will be better at getting Philip Morris's message across – and that this, more than any break-up of the business, will succeed in enhancing share-sholder value.

## Daf bank creditors likely to get full compensation

Bank creditors to Daf NV, the Dutch truckmaker which collapsed in 1993, have received nearly 90 per cent of what they were owed and are likely to be

A report by the Dutch receivers said it was realistic to assume that Daf NV's 11 bank creditors would receive the full FI 732.5m (\$400m) claimed. On May 1, tbey had received FI 645.7m, or 88 per cent of the total, after three rounds of pay-

Daf sought protection from creditors in February 1993. It was later resurrected in slimmed-down form as Daf Trucks NV, e new company that excluded Leyland Daf, the former Daf's UK business. Shareholders in the old Daf NV

Gas Natural

Enagas deal

By Tom Burns in Madrid

Gas Natural, the Spanish

domestic natural gas distribu-

tor which is controlled by the

partially privatised Repsol

energy and chemicals conglom-

erate, has completed the

delayed takeover of Enagas,

Spaio's government-owned

The acquisition, priced at

Pta51.2bn (\$379m) for 91 per cent of Enagas, turns Gas Nat-ural into a leading participant

among European gas compa-

The takeover had first been

signalled nine months ago hut had been delayed over pricing disagreements - the govern-

ment had sought Pta80hn-

Ptal20bn for the sale of Enagas

that it would not take on the

burden of a pipeline that Ena-

gas was constructing between

Spain and the Algerian gas

To complete the deal, Enagas

has put the Pta300bn pipeline

project into a separate com-

pany that remains under public ownership and which Gas

Natural has an option to huy

and by Repsol's insistence

monopoly gas importer.

completes

were left bolding worthless

The money raised so far for bank creditors has been generated mainly by the sale of assets owned by three Daf NV

pledged as collateral to the banks during Daf's financial crisis, have been sold to Daf The secood main source of money is the transfer of funds

land Daf. Holders of a bond issued by Daf NV in 1988 have lodged claims of Fl 157m, and they have sought, so far unsuccessfully, to win a share of the assets belonging to these sub-

from the UK receivers of Ley-

Daf's largest bank creditor, ABN Amro of the Netherlands. had received Fl 294.6m of its

By Alison Smith in London

Cheltenham & Gloucester

Building Society is likely to

announce before the end of the

month that it is once again

open to accept savings from

Almost two weeks ago, C&G

closed its doors to new cus-

tomer deposits after the High

Court ruling the day before

which harred the terms of

Lloyds Bank's £1.8bn (\$2.8bn)

agreed cash bid for the society.

this was a short-term measure

to prevent people trying to

make a speculative gain from the Lloyds offer.

C&G said yesterday it would

announce its plans for re-open-

ing for savings when it was

slightly further forward in its

thinking in terms of under-

standing the judgment. The

society has sought to play

down the financial impact of

While the court ruling would

not allow new depositors to

receive a windfall benefit from

the Lloyds offer. C&G said

some potential customers

might wrongly interpret the

The society said then that

new customers.

UK society may take

new savers this month

claim of Fl 32.6m by May 1 1994, the receivers' report said. Among the old DAF's UK By Daniel Green in London

hank creditors, Lloyds Bank had received FI 48.5m out of Fl 54.8m claimed, NatWest Fl 37.8m out of Fl 42.5m and The challenge to the world's

The receivers' figures, pub-

The debts of the Daf Finance

Group, the former Daf financing arm, have been reduced to

Fl 1.06bn from Fl 1.86bn

reflecting the strategy of gradually selling the finance company's portfolio.

Foreign rather than domestic

creditors have benefited so far from these sales, but the final unravelling of the financing

company's affairs is expected

Sir Donald Nicholls, the

vice-chancellor, said in his rul-ing that C&G could not make

cash payments to more than

220,000 C&G investors who had

been shareholding members of

the society for less than two years. This would make it diffi-

cult to win the necessary

majority in favour of the deal.

move is for the short term only appears to suggest that it does

not see closing the society to

new members as e way of get-

ting round the terms of the

judgment, by raising the pro-

two years' standing, and so -in theory - increasing the

prospect of winning the high

majority of investing members

Alongside its work on produ-cing a revised offer to pot to

members in the wake of the

judgment, the society also has

to take a decision shortly on

whether to ask the Court of

Appeal for leave to appeal

against Sir Donald's decision.

appeal it must launch the pro-

cess within 28 days of the origi-

If C&G seeks an expedited

needed to support the deal.

portion of members of at least

C&G's emphasis that the

Barclays Fl 25.5m out of lished in an interim report, are exclusive of interest and facil-

Canada's Novopharm has applied to the US Food and Drug Administration (FDA)

sales are \$3.5bn a year.
The active ingredient, raniti-dine, exists in two versions. The older Form I is patent protected until December 5

1995 in the US but is unstable, says Glaxo. Zantac is made of Form 2 under patent protecin April Glaxo filed a lawsuit against Geneva, a US sub-sidiary of Swiss drug company Clha, which like Novopharm

Novopharm, said that there were several ways of making ranitidine. Novopharm's was different from that used by Glaxo and "we checked ont that there was no production

Novopharm filed its applicathe launch of the drug can be

Glaxo lawyers were in talks, He would not comment on

One of the company's arguments was that Form 1 could not be made without produc-ing Form 2, which therefore nal judgment - before the end | should not have separate

## Glaxo faces | Cautious steps in a new direction

Andrew Hill outlines Cariplo's plans to come to the stock market

Net earnings\*\* (L bn)

Italy's biggest banks\*

example, the newly privatised

Geographically, Cariplo -short for Cassa di Risparmio

delle Provincie Lombarde - is dependent on the wealthy

Lombardy region, which

accounts for some 70 per cent of the hank's 700 or so branches. But it has taken

advantage of its knowledge of

the savings bank sector to

build strategic alliances with

its counterparts in other

By buying minority stakes in

about 15 savings banks

throughout the country, Cari-

plo has gained access to a fur-ther 700 branches. Through

these it can sell its insurance,

gage products nationwide. The

group has bought a stake in Imi, the recently privetised

financial services group, raising expectations that the two

companies might link up in

due course to offer home-

grown competition to Medio-banca, the powerful Milan mer-

For now, analysts prefer to

compare Cariplo with conser-

vetive counterparts such as

Lloyds Bank in the UK -

They underline Cariplo's

chant bank.

and Credito Italiano.

Total assets (L. 1000 bn)

ariplo, ltaly's contender for the title of the world's largest savings bank, looks the part. Its headquarters is one of the most mposing buildings in central Milan and its chairman, Mr Sandro Molinari, is of equally solid construction.

from July 11, Cariplo is hoping that investors will stump up as much as L1,650bn (\$1bn) for new shares in the bank, taking it on to the stock market for the first time since its foundation in 1823.

However, Mr Molinari, who launches a European investment roadshow to promote the issue this Thursday, knows he will need to offer more than a and a half of history to get potential investors to open their cheque books.

He took over as chairman in April after his predecessor stepped down facing corruption charges. That allowed Mr Molinari, 61, to hecome the first fully-fledged banker-chair-man of the Milan-based group. He joined Cariplo in 1954 and rose through the ranks. All his predecessors and their deputies were political appointees, mainly Christian Democrats.

What is more, Mr Molinari knows that if his sales pitch falls flat this time, it will be particularly difficult to push through the sale of a second tranche of shares, in the form of a convertible bond issue expected before the end of this

Cariplo is the latest bank to take advantage of 1990 legislation which allows public-sector banks - many owned by charitable foundations - to restructure and float up to 49 per cent of the capital of their banking operations. The two-stage issue should raise well over L2,500hn and reduce the Cariplo foundation's stake in the bank to about 78 per cent.

which has also concentrated With total assets of L150,893bn, and deposits of L123,536bn, the Cariplo group on retail business, and links between banking and insurance - or Crédit Agricole in is bigger than the next five hig-France, which has a similar gest Italian savings banks put mix of businesses. together. But analysts stress that it is a high-quality bank. cautious lending policy. The in the fast-changing Italian banking field it can no longer be compared only with small savings banks, they say, but Milan bank was one of the first into the Italian personal loan market, picking its risks very carefully, while certain comcounts as a full-service univerpetitors launched themselves into husiness lending with

abandon, and are over-exposed to big, bad corporate loans. Although unknown on international equity markets, Cariplo is recognised outside Italy as an issuer of high-quality debt, and has one of the best credit ratings among Italian banks, equal to that of the Italian

We never looked for results at all costs, but gradual growth," says Mr Molinari, about the strategy he has supervised since 1983 as deputy chief executive, chief executive and chairman. It is a strategy, which has brought results -group net profit last year rose 4.2 per cent to L323bn - and the admiration of analysts for the straight-forward approach. "They're very plain vanilla about their market," says one.

he bank is clearly upset.

therefore, that its plain vanilla attitude sbould have got mixed up with the rather more exotic flavours of Italy's widespread corruption scandals, Mr Roberto Mazzotta, Mr Molinari's predecessor, stepped down in February after Milan magistrates deepened their investigation into allegations of phoney property trans-actions involving the Cariplo pension fund. He has suspended himself from chairmanship of the bank's controlling foundation, and is awaiting a decision on whether he

will stand trial. His successor firmly rejects any suggestion that the affair will have knock-on effects on the hank or the fund. It is a personal, rather than corporate problem, says Mr Molinari.

Moreover, he points out that

Cariplo's internal investiga-tion, aided by outside experts, produced no evidence that procedures for valuing property had been infringed, or that the bank or pension fund had suffered any damage. .

As for the legacy of political control. Mr Molinari is ada-ment that "the structure of the bank and the staff of the bank were never politicised". To underline his desire that the bank should remain apolitical the new chairman has rehulfed Mr Umberto Bossi, the strident northern politician, who has suggested that his federalist Northern League could now step into the shoes of the Christian Democrats and adopt Cariplo as the pet financial institution of a more autonomous northern Italy.

In theory, the League could achieve this amhition, if it were to consolidate political power in its northern heartland, because directors of Cariplo's controlling foundation are appointed hy local and regional Lombard authorities: These rules used to allow local parties to reward the faithful with boardroom seats, and direct the foundation's statutory charitable contributions towards clubs and associations with party links.

In practice, the League's support is wavering in the north, and in any case, local authorities have tended in recent years to nominate neutral

directors, such as professors.

If that means a Cariplo chairman is free to manage the bank, then Mr Molinari's satisfaction at rising from hranch level to the top job will be com-

## more ulcer drug patent challenges

best-selling drug, ulcer treat-ment Zautac, made by the UK company Glaxo, intensified yesterday when a second com-pany said it would launch a generic version of the drug at the end of next year.

for approval to sell a version expires in December 1995. Glavo said it may file a patent infringements suit

At stake are the \$2bn a year revenues that Zantac makes in the US alone. Total Zantac

plans to market Form 1. It alleged infringement of Form 2 patents in both the manufacturing and the final product. Mr Leslie Dan, president of

of Form 2", he said. tion with the FDA on June 10. If Glaxo takes legal ection within 45 days of that date, delayed for 30 months. Mr Dan said Novopharm and

whether Novopharm hed devised or would manufacture the Form 1 version. Novopharm is still awaiting the outcome of court action surrounding Form 2's patent.

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May 1994

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April, 1994

#### INTERNATIONAL COMPANIES AND

## High-speed steels group rolls toward flotation

Kenneth Gooding examines Eramet's plan for a year to remember

well rection

his is a year to remember for Eramet, the French group which is the world's biggest producer of both ferro-nickel and

It has just put the finishing touches to a FFr2bn (\$360m), five-year investment programme and Mr Yves Ram-baud, chairman and chief execntive, says that, as long as there is no collapse in share prices, Eramet will be listed on the Paris bourse before the end

A meeting on June 15 made the changes necessary to permit Eramet's abareholders ERAP, the French state holding company, with 70 per cent, Elf Aquitains of France and IMetal, the Paris-based industrial holding company, with 15 per cent each – to reduce their holdings.

Eramet has embarked on a series of roadshows and Mr Rambaud says he expects the first tranche, of up to 20 per cent the group, to be placed privately with European insti-

Banqns Paribas has been retained for this exercise which he hopes will be followed by full flotation in Paris. This would involve the present shareholders selling at least another 10 per cent of Eramet to the public.

However, ERAP will still retain majority control of Eramet. This, says Mr Rambaud, is to give comfort to the 2,000 people Eramet employs in New Caledonia, the South Pacific island which contains the heart of Eramet's nickel operations.

The French government does not wish to give the impression it is ready to desert them," he says. In all, the

group employs 3,400. Dominating New Caledonia's economy is SLN (Société Metallurgique Le Nickel), 82 per cent owned by Eramet. SLN dates back to 1880 and owns nickel mines and a smelter on New Caledonia, Its new FFr800m Népoin-Kopé mine was for-mally opened last month. While the mine was being developed, annual capacity at SLN's smelter at Doniambo was boosted to 50,000 tonnes. Mr Ramband says that by spending modestly to remove bottlenecks, its capacity could rise by 2,000 tonnes to 60,000

Last year Eramet, ranked third among the world's nickel (as distinct from ferro-nickel) producers with 8 to 10 per cent of the market, lifted output from a depressed 40,750 tonnes to 46,310 tonnes. This year's

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Yves Rambaud: hopes for Paris bourse listing before end of 1994

and Swedes can work

The high-speed steels business has prospered under new ownership and a unified inter-

national marketing team is

doing better than when Kloster

and Commentryene were in

The steel operations use no nickel to make their metal – employed for such things as high-speed cutting tools. Eramet wanted to make sure it did not compute with its content.

not compete with its customers, says Mr Rambaud.

to remain profitable, if only

just. It made net profits of

FFr120m, down from FFr229m

in 1992 when there was an

extraordinary gain of FFr100m.

baud's view, is that Eramet's cash flow remained stable last year at FFr356m. The group's balance sheet remains strong,

with cash and near-cash of

FFr1.3bn, compared with finan-

As the expansion programme has been completed, capital expenditure will come down

from last year's FFr531m (fol-

lowing a record FFr614m in

1992) to about FFr300m in 1994

operations are in good shape -the group has at least 40 years of reserves in New Caledonia

and costs were reduced last

year by 15 per-cent to 1980 lev-

even with the nickel price at

London Metal Exchange price

Eramet is likely to use its cash to add a third industrial

"leg". Like the high-speed steel

operations, this will have to

have technology and custom-

ers with which the group's management are familiar but does not compete with Era-met's present customers.

Mr Rambaud says that no list of likely candidates has yet

been drawn up. He explains: "Our first priority is to arrange a smooth change in Eramet's

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Eramet last year could break

and even less next year. Mr Rambaud says the nickel

els in real terms.

averaged \$2.40.

cial debts of FFr635m.

More important, in Mr Ram-

Last year Eramet was one of the few nickel or steel groups

competition separately.

well together.

output should be between 48,000 and 50,000 tonnes

A long-term relationship between SLN and Nisshin Steel has recently been strengthened at the Japanesa company's request. By October Nisshin will have paid about FFr400m for 10 per cent of SLN and for a contract guaranteeing Nisshin 10 per cent of SLN's output at a fixed price.

Mr Ramband points out, however, that, although the Nisshin deal apparently indi-cates a value of FFr4bn for SLN, the supply contract confuses the arithmetic.

Nickel operations contributed 68 per cent of Eramet's total sales of FFr2.63bn last year. World demand for nickel has been growing at more than per cent a year, driven mainly by its use in stainless steel - a material for which annual demand is growing by 4.3 per cent.

Stainless takes 62 per cent of all the nickel produced but accounts for 80 per cent of Eramet's output. Despite consist-ent demand, nickel prices last year were the lowest for 20 years (with the exception of 1987) because the market was distorted by a sudden surge in Russian exports to the west, up from 40,000 tonnes a year in Soviet days to 120,000 tonnes.

ramet's sudden emergest producer of gence as the world's bighigh-speed steels - which bave a value four times as great as stainless steel - dates back to decisions in 1989 whe other producers, it benefited from extraordinarily high

nickel prices.
The group decided to invest part of the proceeds in the New Caledonia expansion and modernisation programme while beginning a search for a "sec-ond leg" or a logical industrial and geographic diversification. First it bought Commentryene in France in 1991 and quickly merged it with Kloster Speedsteel of Sweden. The total cost was FFr900m.

Mr Ramband says Eramet found that the French

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## Gottardo in rights issue By Ian Rodger in Zurich

Banca del

Banca del Gottardo, the Lugano-based bank specialising in asset management, is planning to raise new capital through a rights issue of 100,000 participation certifi-

Gottardo also said it was in talks with Sumitomo Bank of Japan, which holds a controlling interest in the bank, about its wish to convert all its participation certificates into bearer shares in 1996.

Conversion would mean that Sumitomo would have to make an additional investment in Gottardo equity or see its holding diluted to under 50 per cent. Sumitomo holds 55 per cent

of Gottardo's voting bearer shares and 12.4 per cent of the non-voting participation certificates. This represents 44 per cent of the bank's total equity

## IBM unveils large disk drive products

By Alan Cane

International Businass Machines yesterday announced a family of innovative, largescale computer mamories which it hopes will regain it the initiative in the big disk drive busine

The world's largest computer manufacturer invented disk storage more than 30 years ago but its revenues from storage systems bave been declining, although it is still the dominant supplier. It is also facing fierce competition,

IBM's latest storage systems are designed for mainframe computers and feature high security and protection against failure. Called the Ramac Array Family, they use a tech-nology called Raid (redundant arrays of inexpensive disks). IBM claims the drives are the first high-end disk storage systems coupling high performance with fault tolerance. A Raid system is a set of

small low-cost drives which appears to the user as if it were a single, expensive drive. The IBM drives have been developed to the highest level of performance and reliability, known as Level 5. According to IBM, the new drives take up only one-third the floor space and use half the power and cooling of conventional mainframe disk storage.

The technology involved in Raid drives, while simple in principle, is complex in prac-tice. Storage Technology has only just launched its own Raid system code-named Iceberg after several years of delayed development.
"While other storage vendors

have sought to develop systems aimed at high availability or high performance, we have taken the lead in providing what our customers need by providing both," said kating in IBM's storage systems division.

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Transactions initiated and arranged by

May 1994

## Domos forms alliance in Mexico telecoms race

By Damian Fraser in Mexico City

Grupo Domos, the private Mexican telecommunications company, plans to apply for a long-distance telephone licence in Mexico as part of an ailiance with Grupo Financiero Serfin, Mexico's third largest bank, and a large international telephone carrier. Domos last week agreed to purchase 49 per cent of Cuba's national tele-

Bell South already has an alliance with Domos, and it may be the international carrier with which Domos is now

negotiating.

Domos and its partners plan to form a new subsidiary which will invest more than 34bn in Mexico's telecommunications sector, Mr Javier Garza Calderon, company chairman,

Infosel. Apart from applying for a long-distance telephone licence in Mexico, the company is considering investing in a basic wireless telephone system in the country, in mobile telecommunications, value-added services, and in subscription television.

Mexico Will open up its long-distance telephone market - currently controlled by Teléfonos de Mexico, the national telephone carrier - to competi-tion from August 1996. So far, Banamex with MCI, Iusacell with Bell Atlantic, and Grupo Alfa have expressed interest in applying for a licence.

Bancomer, the second largest bank, is reported to be looking for a foreign partner before declaring its interest.

Although Domos has plenty of money, having recently sold its cellular interests in the north of Mexico to Motorola. the US company, its ambitious investment plans will almost certainly need a substantial injection of new canital. Domos is controlled by Mr

Garza Calderon, a member of the extremely wealthy Garra family in Monterrey and a director of Serfin. In the 1980s, Mr Garza Calderon's father unsuccessfully sought to seize control of Grupo Visa, one of Mexico's largest conglomerates, from his cousin, Eugenio Garza Laguera, in a family squabble that turned into a bitter takeover battle.

Last week, Domos agreed to pay some \$1.5bn over several year years for 49 per cent of Emtel-Cuba. The investment includes the cost of expanding and modernising the island's dilapidated telephone network. Domos is looking for a foreign partner in Cuba to provide telecommunications technology.

Comcast is buying the cable interests of Maclean Hunter, which include services and operations for about 550,000 subscribers in New Jersey, Michigan and Florida, from Maclean Hunter's parent, Rogers Communications, Canada's largest cable TV group.
Rogers bought Maclean Hunter three months ago for \$2.2bn. Rogers said then it

pay \$1.27bn

for Maclean

Hunter unit

telecommunications group, has agreed to buy the cable

television operations of

Maclean Hunter, the Canadian

communications and media

group, for \$1.27bn in

The acquisition is the latest

big deal in the consolidation of

the US cable TV market, which

is becoming rapidly dominated

by a few large operators. Two weeks ago, Atlanta-based Cox Enterprises paid \$2.3bn for

Times Mirror's cable TV

the

US

By Patrick Harverson

in New York

Comcast.

US cable operations. The purchase will make Comcast the third largest cable TV operator in the US with 8.5m subscribers, behind TCI, which has 10m subscribers, and Time Warner, with 7m. Comcast also provides cellular telephone services to more than 7.4m

would sell Maclean Hunter's

Mr Brian Roberts, president of Comcast, said: "For some time, we have considered Maclean Hunter's systems to be a logical strategic extension of Comcast's cable business. The acquisition allows us to increase our presence in three of the top 15 television mar-

ever, has several regulatory hurdles to overcome. Not only is the deal subject to US government approval, but Rogers' acquisition of Maclean Hunter is also awaiting approval in Canada, where the federal Radio-television and Telecommunications Commission and the Bureau of Competition are likely to scratinise the merger between the country's two

#### Comcast to Krupp Hoesch breaks up steel side timmung can only exist in com-Krupp first mounted an because their market condi-

Krupp Hoesch, Germany's second biggest steelmaker, has broken its steel division into several independent companies in a further effort to push the business back into profit.

The decision was approved at an extraordinary meeting of the supervisory board on Sunday, in spite of protests by the G Metall union. It is angry that workers will have less say in the running of the bust-

Three new companies will be created for special steel flat products, special heavy sections, and long products. A fourth unit – tin plate – will become a joint venture run by Thyssen, Germany's biggest steelmaker.

Ostensibly, the changes fit the strategy outlined by Mr Gerhard Cromme, chief executive, who has repeatedly argued that separate companies were needed to manage the various steel products. tions were so different.

However, sources said the changes would also make further jobs cuts easier, as the independent companies would no longer he subject to the rules of Montanmitbestimmung, a form of workers' co-determination in the German coal and steel industry. The system is seen as an obstacle bo faster restructuring of the industry. .

Managers at the independent companies have already indicated they will need far fewer staff to service overheads. This means that up to 1,000 of the 3,600 people working in admin-istration at the existing steel division will lose their jobs.

Management is also likely to be more effective. "Each company will have to meet their own costs," said Mr Jürgen Classen, the Krupp Hoesch spokesman, "In the past, everything in the steel division went into one big pot and it was difficult to tell what was working well and what was not."

unusually secretive bid to take over Hoesch, its long-standing rival, in 1992. The dust had hardly settled on that acrimonious merger when it was decided to close the integrated steelworks at Rhainhausen, prompting massive union protests and further job cuts.

The going is still tough in suite of the overhaul. The steel division is one of six divisions within the Krupp Hoesch group, representing about 35 per cent of external sales. However, the DM780m (\$481.5m) loss it reported last year was its biggest, and it is expected to incur another deficit this

Diluting workers' rights is likely to make life easier for management. The extensive workers' rights which exist in the German steel industry is the main reason why Riva, the private Italian group, pulled out of its planned purchase of Eko Stahl, the ailing east Ger-

The law says Montanmithes-

panies whose primary purpose is to make steel. It, therefore, does not apply to companies who are merely "processing" steel, as Mr Classen puts it.

IG Metall, however, says its lawyers are checking the decision with a view to taking the company to court. It argues that workers' co-determination must be guaranteed in companies which operate any form of warm production or rolling

 The German steel federation said yesterday steel production in the first six months of 1994 had risen 9 per cent above the that for same period the year before. Orders were up 12 per

However, it warned that much of the new steel was being used to fill stockpiles, or was being exported. It said steel consumption in the all-important German market - which accounts for about 60 per cent of production - had risen just 1.5 per cent in the

## Smart card details agreed

Three leading international payment card organisations yesterday agreed the first of three sets of common technical specifications for "chip" or smart" cards.

The payments groups -Europay international, Mastercard International and Visa International - plan to agree full specifications before the end of the year.

The move marks a further step towards the introduction

of chip cards that can operate across borders and systems. It enables manufacturers to begin work on developing microprocessor chips in payment cards.

The agreement announced yesterday covers the electrical and mechanical specifications

for making chip cards and for point-of-sale terminals. The second part will define how the chip card and the terminal will together deliver

should deal with how transaction would be completed.

The initiative stems from the three organisations' decision last December to work together to develop global standards for chip cards.

Separately, Visa has agreed with a number of bank-led groups to try to devise common international standards for "electronic purse" cards payment cards which could the services to the cardreplace small-value cash transholder, while the last phase

LONDON STOCK

Comeast's purchase, how-

## Repola back in black with FM737m

Repola, Finland's largest industrial group, swimg to a pre-tax profit of FM737m (\$135.7m) in the four months to end of April from a loss (restated) of FM13m in the same period in 1993. The result consolidates a recovery that took hold last year.

The improvement stemmed in part from a fall in financial expenses, to FM441m from FM851m, as interest charges changed in the first four tumbled. compared

Repola, whose operations include forestry, forestry machines and other associated production, said reduced financial expenses would help drive a considerable improvement in full-year profits from last year's pre-tax figure of FM29m. Repola restated its 1993 figures to reflect accounting changes made to conform with EU

directives. Group sales were barely with FM9.14bn last time.

Turnover was held back by a strengthening of the Finnish markka this year, and restructuring moves in 1993. Overseas operations accounted for 86 per cent of sales. Operating profit, however, was well ahead, reaching FM1.1bn against FM838m.

Much of this was attributed to unexpectedly better profits at United Paper Mills, the for-

4 per cent at FM6.12bn, but operating profit moved up more sharply, to FM906m from Repola said although eco-

nomic recovery in Europe was strengthening demand for paper, prices were still restrained by oversupply. Meanwhile, manufacturers would face rising raw material costs for paper and sawn timber production towards the end of the year.

estry unit. UPM sales were un



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## Forestry group makes turnround

By Hugh Carnegy

Kymmene, the Finnish forestry group, returned a FM176m (\$32.5m) profit after financial items in the four months to the end of April, a sharp turn-round from a FM164m loss (restated) made in the same period last year.

The improvement was partly due to lower financial expenses stemming from reduced interest charges. Net financial expenses fell to FM460m from

from FM5.64bn, while group operating profit reached FM604m, compared with FM491m last time.

The figures for last year were restated to conform with a shift to European Unionbased accounting principles. Kymmene said markets for forest products had "clearly improved" during the first four months, with prices increasing for fine papers and chemical

It added that it expected improvements in earnings in The company said operating profits for the full year would be ahead of last year's FM1.58bn surplus.

Kymmene spent FM295m on capital projects during the first four months and expected capital investment in production facilities to reach FM1.3bn for the year as a whole. The projects include two oxy-

gen bleaching plants, an expansion of plywood output, the rebuilding of a paper mill and anti-air pollution projects

#### VNU acquires results service

VNU, the Netherlands-based publishing group, has bought Institutional Brokers Estimate System from Citicorp for an undisclosed amount, agencies report. It said IBES was the world's largest and best-known supplier of corporate earnings estimates, covering companies in 42 countries.
VNU said the acquisition,

made through its US unit Disclosure, was an important step in its strategy to increase the added value of its financial



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DO YOU WANT TO KNOW A SECRET? SGA SOCIETE GENERALE ACCEPTANCE N.V. FRF 300,000,000 FLOATING RATES DIFFERENTIAL NOTES DUE DECEMBER, 1995 The LD.S. Germ Settiner will show you how the mediate REALLY work. The armsting tracing techniques of the legendary W.D. Genn can increase your profits and contain lowers. How? That's the secret. Fling 061 474 0080 to book your FREE place.

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**Leeds Permanent Building Society** Floating Rate Notes Due 1998

> Interest Rate Interest Period

5%e% per ennum 16th June 1994 16th September 1994

CITIBANCO

Interest Amount due per £10,000 Note



£200,000,000 MFC Finance No. 1 PLC NOTICE OF REDEMPTION Mortgage Backed Floath Due October 2023 Prospectus dated 13th October 1988, the Issuer Intends to redeem E1,800,000 in aggregate value of the Notes on the respective July 1994 interest payment dates.

THE STARS PROGRAMME STARS 1 PLC

£475,000,000 Class A Floating Rate
Mortgage Backed Securities 2029 Notice is hereby given that the Principal outstanding on the subject issue for the interest period June 27, 1994 to Soptember 27, 1994 will be \$264,021,355. The Principal amount outstanding for each note is £9,169.00.

Petroleum Argus Oil Market Guides Comprehensive explanations of the oil markets' Petroleum Argus

June 21, 1994, London By: Ciribank, N.A. (Issuer Services), Agent Bonk CITIBANCO

HIONEPOULENCS A. USD 300.000,000 UNDATED FLOATING RATE CAPITAL NOTES

For the period June 20, 1994 to December 20,1994 the new rate has been fixed at 5,5156 % P.A. Next payment date: December 20, 1994 Coupon nr. 16 Amount: USD 280,38 for the denomination of USD 10 000 USD 2803,76 for the denomination of USD 100 000 THE PRINCIPAL PAYING AGENT SOGENAL SOCIETE GENERALE

GROUP
15, Avenue Emile Reuter
LUXEMBOURG

CREDIT LYONNAIS USD 500,000,000.- FRN Undated Bondholders are hereby

nformed that the rate for the Coupon Nº 12 has been fixed at 5.5625 %, for the period starting on 20/06/1994 until 18/09/1994 period of 91 days). The coupon will be payable on 19/09/1994 at a price of USD 140.61.

The Principal and Paying

CREDIT LYONNAIS

For the period June 17, 1994 to September 19, 1994 the new rate has been fixed at 12 % P.A. Next payment date: September 19, 1994 Coupon nr: 6 Amount:

Amount:
FRF 3133,33 for the denomination of FRF 100 000
FRF 31333,33 for the denomination of FRF 1 000 000 THE PRINCIPAL PAYING

OCIETE GENERALE GROUP

15, Avenue Emile Reuter LUXEMBOURG

SGA SOCIETE
GENERALE
ACCEPTANCE N.V.
RF 300.000.000
EVERSE FLOATING
ATE NOTES DUE
DECEMBER 1999

B N&P\_ £150,000,000

September, 1994 against presentation of Coupon No. 8.

17th June, 1994



THE PRINCIPAL PAYING AGENT SOGENAL COLETE GENERALE GROUP 15, AVENUE EMILE REUTER LUXEMBOURG

Notice is hereby given to the Noteholder's that, pursuent to the Terms end Conditions of the Notes, the rate of interest applicable to the period from March 18, 1994 (included) to June 20,1994 (included) is 8,40670521%. This rate of interest has been determinated eccording to the formule provided for in Condition 4, "Interest" b) (i), i.e. "10.25 %, "10.

Floating Rate Notes due 1997 Floating Rate Notes due 1997
In accordance with the provisions of
the Notes, notice is hereby given
that the Rate of Interest for the
three month period ending 19th
September, 1994 has been fixed at
5.34375% per anaum. The interest
accruing for such three month
period will be £137.62 per £10,000
Bearer Note, and £1,376.20 per
£100,000 Bearer Note, on 19th
September, 1994 segting presentation Union Bank of Switzerland London Branch Agent Bank





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From now on, AG shares will be known as Forus and AMEV shares will be known as Fortis AM

· >144

114.

# AG Group and N.V. AMEV will be named Fortis AG and Fortis AMEV. What will that change?

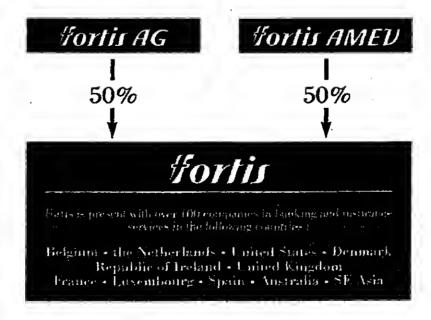
# Everything.

the steered side

- The names, of course. And that's a symbol of a fundamental change. Fortis was created by its parent companies N.V. AMEV from the Netherlands and AG Group from Belgium to build a strong international insurance and banking group.
- The names of the shares. AG shares become Fortis AG shares and AMEV shares, Fortis AMEV. Now, investors and shareholders will follow Fortis AG share quotations in Brussels and Fortis AMEV share quotations in Amsterdam that reflect the value and success of all the companies within Fortis.
- A clear corporate structure. Through a better identification with Fortis, further confusion will be avoided with "AG 1824" in Belgium and "AMEV Nederland" in the Netherlands, both major insurance companies in their home countries. Next to these two companies, there are more than 100 other companies on four continents sharing a vision for the future that will benefit clients, investors and personnel. The name of this vision? Fortis.

# And nothing.

- ---- Each Fortis company remains the same. They retain their own identity, their own products and services. In every country, their individual brand names and logos will maintain a strong presence on the market as they continue to build their reputation for excellence.
- Our service remains the same. Brokers and other professionals will continue to work with local Fortis companies whose quality products and services they have come to rely on. Clients will perceive no change whatsoever in their individual accounts or policies: whether they are with AC 1824, AMEV Nederland, VSB Bank, ASLK-CGER, Fortis in the United States or any other company of the group.
- The challenge remains the same. Now, more than ever, each company within Fortis will continue to strive to play a leading role in its own market. And the 32,000 people worldwide who take on that challenge every day at local level, will know that they are part of a wider, international family. It's name? Fortis.



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Mr/Mrs/Mlss/Ms

Imperial Cance Research Fund

NOTICE OF PAYMENT To the Holders of

#### Nafin Finance Trust II

U.S.\$129,880,000 Floating Rate Notes due 1999

For the Interest Period March 31, 1994 to June 30, 1994, the Total Repayment Amount of the Notes is USD14.490,000 or 13.325363% of the current outstanding principal amount. Principal in the smount of USD1,332.54 per USD10,000 aggregate principal amount of Notes will be payable on June 30, 1994. After June 30, 1994, interest on the portion of the

NAFIN FINANCE TRUST IL By: Bankers Trust Company, as Trustee

Daned: June 21, 1994

Limited

US\$250,000,000

Advance Bank Australia

Floating Rate Notes 1999

The notes will bear interest at

4.9125% per annum for the interest period from 21 June 1994

to 21 September 1994, Interest

Shimuzu International Finance (USA), Inc Yen 5,000,000,000 Tranche A Floating Rate Notes Due 1996

In accordance with the provisions of the Notes, notice is hereby given that the Rata of Interest for the three mouth period ending Z2ad September, 1994 has been fixed at 2-5375% per annum. The Interest accruing for such three month period will be Yen 6,484,722 per one Billion Note on 22nd Septem-ber, 1994 against presentation of Coupon No. 8. payable value 21 September 1994 will amount to US\$125,54 per US\$10,000 note.

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Agent: Morgan Guaranty Trust Company

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#### **FINANCE** INTERNATIONAL COMPANIES AND

## Goodman Fielder predicts Australian long-term margins growth

By Nikki Tait in Sydney

Goodman Fielder, the large but ailing Australian foods group, should achieve "long-term margins on sales of 9 to 10 per cent, across the business," Mr Barry Weir, chief executive told shareholders.

In a letter to investors, made sublic yesterday, Mr Weir said the target had not been achieved. In the half-year to end-December, for example, GF recorded sales revenues of A\$1.94bn (US\$1.49bn), and profits before interest and tax from continuing operations of A\$130.3m for a group margin of about 6.9 per cent.

But Mr Weir, who took over as chief executive six months ago, rejected the notion there was a quick solution. He added that the problem could not be solved simply by the "straightforward cutting away and dis-posal of one or two of our

major business groups.
"Our closer analysis shows it

within each major group which drag down overall performance," he said.

Mr Weir acknowledged that many industry observers saw GF as a commodity-based food group – with products such as flour, bread, gelatine and poul-try, placing it at the competitive, lower value-added end of the industry.

Therefore he acknowledged that making higher margins was more difficult to achieve. Mr Weir argued that the group needed to use "innova-tive branding and marketing" as well as concentrating on low-cost production, if it is to move towards its target mar-

He outlined a four-point plan • Further "non-core assets disposals," although Mr Weir claims the bulk of this process

Organisational restructur-

is primarily a few specific geo-graphic or product segments ing, including integration of milling and baking operations and moves to improve efficiency on the poultry side; • Encouraging industry rationalisation in particularly competitive areas, such as bak-

> ● Targeting Asia for long-term expansionary growth. Existing Asian businesses will be brought under a single regional office, and several new ventures are being "evaluated".

More generally, he added, Goodman was still looking for "bolt-on" acquisitions. Mr Weir'e letter follows a series of management departures from the food group over the past year. There has also been talk of

large disposals or a takeover of the underperforming group, but to date no suitors have

Goodman shares stood at A\$1.36, just cents off their 52-

## Competition breaks up Nordic banking co-operation venture

Increasing cross-border competition within Nordic banking has led four of the region's top banks to break up a 10-year-old co-operation deal. The four - Unibank of Denmark, Union Bank of Finland, Den norske Bank of Norway and Sweden's Skandinaviska their respective markets under venture called Scandinavian Banking Partners.

At the height of the accord, they opened a joint venture in London called the Scandinavian Banking Group, but this was bought out by SE-Banken in 1990 and merged with its existing London operation. Since then, the partnership has

dled each other's interests in a small range of business

SE-Banken's move to open its own branches in Oslo and Helsinki, part of an increasing trend among Nordic banks to move into neighbouring markets, precipitated the decision finally to disband the partner-

SE-Banken said no financial settlement was involved in the

## Saudi Hollandi to double capital

By Mark Nicholson in Cairo

Saudi Hollandi Bank, the Riyadh-based joint-venture bank 40 per cent owned by ABN-Amro Bank, has won approval from the Saudi Arabian Monetary Authority to double its capital to SR420m (\$113.5m), according to the official Saudi Press Agency. The bank said it would issue

2.1m bonus shares to existing shareholders, paid for by the transfer of SR210m from capital

Sandi Hollandi is set to become the last of Saudi Arabia's commercial banks to recapitalise since the end of the Gulf war - during which period most commercial banks have tapped a large influx of repatriated Saudi money in the local stock market to issue new sbares.

Saudi Investment Bank, the Kingdom's smallest, last week announced its plan to double

reserves into the bank's capital to SR180m through bonus share issue. Sandi Hollandi, which is

completing a reorganisation and expansion, last year reported a 34 per cent rise in net profits at SR180m. Total assets at the end of the 1993 financial year stood at

Mr Sheldon Boege, the bank's managing director, recently forecast a 10-12 per cent rise in earnings in

## directors face share register call

The Securities Institute of Australia, representing profes-sionals working in the nation's eccurities industry, has called on the Australian Stock Exchange to set up a register of directors' shareholdings "so that the market can publicly track the stock-market dealings of company

Directors of Australian companies are now required only to notify the company involved if they buy or sell its shares, and there is no formal requirement for them to tell the stockmarket generally. The SIA is proposing that Australia follows the US model and places a legal obligation on directors to notify the stock exchange of any

share dealings.
The proposal is the latest in a series of moves by local fund-managers, the ASK, and other market professionals. aimed at improving the corpo-rate governance and disclo-sure standards of the Australian market.

• Mr Kerry Packer'e Sky Channel has signed an agree-ment with the Australian Jockey Club, allowing the for mer to beam Australian horse racing into Nevada casinos from next month. Mr David Dodds, Sky'e man-

aging director, said there will be a 90-day trial of the satellite broadcasts, and linked bet-ting operations. Racing in the US ends in the early evening and the notion is that, because of the time difference, Australian races could take over.

## MHS expands aerospace side

Malaysian Helicopter Services (MHS) has bought 66.7 per cent of Aerospace Industries Malaysia for M\$9.62m cash (US\$3.8m), Reuter reports from

Knala Lumpur.

MHS said the AIM shares were bought from the national carrier, Malaysian Airline System and UMW, a unit of UMW

AIM owns 51 per cent of Airod Sdn Bhd which overhauls military aircraft.

## Norsk Hydro's chemical interest to double output

Norsk Hydro, Norway'e largest publicly quoted company, said yesterday Qatar Fertilizer Company (Qafco), in which it holds a 25 per cent stake, is planning to spend about \$500m to nearly double capacity for ammonia and urea production

Hydro and Qatar General Petroleum Company (QGPC), which holds the remaining 75 per cent of Qafco, are to expand annual ammonia pro-duction capacity to 1.3m tons from 750,000 tons and urea

capacity to 1.55m tons from 820,000 tons.

The Oslo-based company said it had agreed to become project manager for the expansion project. sion project.

Hydro said that a technical assistance agreement with Qafco had also been extended

for a 10-year period. Qafoo and Hydro also signed a 10-year marketing agree-ment, giving Hydro marketing

China and East Africa where the Norwegians are upgrading their sales and distribution network to meet increasing demand. "This expansion and related

agreements combine QGPC's policy of increased industrial development of Qatar's vast natural gas resources with Hydro's requirement for a reliable product source destined for the growing fertiliser markets in China and Africa," Norsk Hydro said.

 Norsk Hydro said its NKr4.74hn rights issue was oversubscribed, but it did not yet know by how much, Renters reports from Oslo. "There is a clear oversub-

scription. This we can say already," financial director Mr Georg Stoermer told the agency.
The issue totals NKr23.68m

ordinary shares at a price of NKr200 per share. The subscription period in Norway was set from June 3-17.

## Kvaerner profit up 36% despite weak oil unit

By Karen Fossii

Kvaerner, Norway's second largest stock market listed company, has increased pre-tax profits by 36 per cent to NKr590m (\$84.2m) in the first four months of 1994 against the same period a year earlier.

The performance was aided by an upturn in unrealised foreign exchange gains which almost doubled to NKr133m. Operating revenue rose by 11 per cent to NKr8.7bn while

operating profit increased by 10 per cent to NKr399m. But the results fell short of analysts' expectations of NKr500m.

Mr Erik Toenseth, president, predicted that profits for this year as a whole, before unrealised currency items, would be on a par with last year's

The shipbuilding division lifted pre-tax profits to NKr406m from NKr246m on turnover of NKr3.63bn, against The oil and gas division saw

pre-tax profits more than halved to NKr57m from NKr135 on revenues up to NKr2.47bn from NKr2.33bn. The oil and gas division

made an operating loss of NKr3m after a profit of NKrII6m last time, and is expected to post a weak overall result. Kvaerner warned that the division was suffering losses on the Norwegian North Sea Troll oil project.

The mechanical engineering

division tumbled to NKr25m from NKr53. The shipping side lifted pre-tax profits to NKr95m from NKr21m on revenues which increased to NKr395m

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS OF SHARES AND OF SPARCS (as defined below). IF THEY ARE IN ANY DOUBT ABOUT THE ACTION THEY SHOULD TAKE, THEY SHOULD CONTACT THEIR PROFESSIONAL ADVISERS IMMEDIATELY.



SASIB S.p.A. Registered nifice Via di Corticella, 87/89 - 40128 Bologna
Company Register: Bologna Tribunal reg. no. 30663 - C.C.I.A.A. no. 261437
Capital Stock Lire 125.313,277,000 fully paid-up, composed of 71,876,310 ordinary shares,
110,432 privileged shares and 53,324,535 non-convertible savings shares, all with par value of Lire 1,000 each

NOTICE to the holders of the above shares and of those of the Lire 65,000,000,000 9% per cent. Small Premium Advantaged Return Converting Securities 1997 – SPARCS of SASIB International B.V. presently outstanding (the "SPARCS") of a CAPITAL INCREASE BY SASIB S.p.A. FROM LIRE 125,311,277,000 UP TO A

MAXIMUM OF LIRE 171,113,923,000 AND OF THEIR RIGHTS IN RELATION THERETO issue of ordinary and non-convertible savings shares with warrants excreisable into SASIB 5.p.A. ordinary and

to be carried out by offering to existing holders of SASIB shares and holders of SPARCS:

11,997,790 SASIB new ordinary shares;

10,903,533 SASIB new non-convertible savings shares;

11,997,790 SASIB Ordinary Warrants 1997, attached to the new ordinary shares;

10,903,533 "SASIB Savings Warrants 1997", attached to the new non-convertible savings

shares.
On May 19, 1994, the Board of Directors of SASIB 5.p.A., in exercise of the power given by the Shareholders' Meeting held on April 26, 1994, resolved to implement a capital increase to be curried out by means of

Shareholders' Meeting held on April 26, 1994, resolved to implement a capital increase to be carried out by means of:

- assue of a maximum of 11,997,790 new ordinary shares, par value Lire 1,000 and dividend rights accruming january 1, 1994, to be officed to option to holders of ordinary or privileged shares in a tatto of 1 new ordinary share for every 6 ordinary shares or 6 privileged shares had a price between a minimum of Lire 7,000 (of which Lire 6,000 above par);

- name of a maximum of 10,903,231 new one-convertible savings shares, par value Lire 1,000 and dividend rights accruing january 1, 1994, to be offered in option to holders of non-convertible savings shares for a ratio of 1 new non-convertible savings shares for each SPARCS of Lire 5,000,000 par value or 1633 new non-convertible savings shares for each SPARCS of Lire 5,000,000 par value or 1631 new non-convertible savings shares for each SPARCS of Lire 5,000,000 par value or 1631 new non-convertible savings shares for each SPARCS of Lire 5,000,000 par value or 1631 new non-convertible savings shares for each SPARCS of Lire 5,000,000 par value or 1631 new non-convertible savings shares for each SPARCS of Lire 5,000,000 par value or 1631 new non-convertible savings shares for each SPARCS of Lire 5,000,000 par value or 1631 new non-convertible savings shares for each SPARCS of Lire 5,000,000 par value or 1631 new non-convertible savings shares for each SPARCS of Lire 5,000,000 par value convertible to severe at the subscription price of the new ordinary shares being desermined in the three days prior to its desermination, discounted by a maximum of 12 per cent., such price in any case being included between the above mentioned infinitum and maximum prices.

The Board of Directions of SASIE SpA has also resolved to implement an additional capital increase to be certified out by assuing.

e Board of Directors of SASB S.p.A. has also resolved to implement an autonoma caputa rease to be carried out by tanding.

11,997,790 new ordinary shares, par value Lire 1,000, to be reserved exclusively for the exercise of 11,997,790 "SASB Ordinary Warranty 1997" attached to the new ordinary shares and giving the right to subscribe such shares in a ratio of one share for each warman held; 10,903,533 onew non-convertible savings shares, par value Lire 1,000, to be reserved exclusively for the exercise of 10,903,533 "SASB Savings Warrants 1997" attached to the new non-convertible savings shares and giving the right to subscribe such non-convertible

savings stores in a ratio of one non-convertible savings share for each warrant held; the exercise prices of the warrant being determined by the Board of Directors at the same time as the subscription prices of the new ordinary and new non-convertible savings shares issued.

the exercise prices of the warrants being determined by the Board of Otrectors at the same time as the subscription prices of the new ordinary and new non-convertible savings shares board.

The warrants are exercisable at any time beginning with the day following their issue and entil July 31, 1997 (both inclusive), provided that notice of exercise is given by June 30, 1997. The shares subscribed through the exercise of the warrants will accron dividends from the same date as SASB ordinary and non-convertible savings shares traded on the talkum ancionance quotation system (Telematice) at the date of exercise of the warrants.

An application for the Busing on the Telematice of "SASB Ordinary Warrants 1997" and "SASB Savings Warrants 1997" will be made.

The rights to new shares with warrants attached will be exercisable between Jone 16, 1994 and July 17, 1994, by presenting the coupon no. 19 to be detached from ordinary, privileged and non-convertible savings shares. Such coupon will represent option rights. Holders of SPARCS may sell or exercise their rights by following the procedures will not receive any compensation for any rights to which they may have been entitled. The rights will expire at the and of the subscription period. As a speed with the Italian Sook Exchange Council, the rights will be traded on the Telematico from June 16, 1994 to July 8, 1994.

Upon subscription, the fall price for the shares inclusive of par value and paid-up surplus will be the law each of the shares subscription will be received in the case of tolders of shares, the subscription may be carried out through Mouse Thoule Sp. A. In the case of tolders of shares, the subscription may be carried out through Mouse Thoule Sp. A. In the case of tolders of shares, the subscription may be carried out through Mouse Thoule Sp. A. In the case of tolders of shares, the subscription may be carried out through Mouse Thoul Sp. A. In the case of tolders of shares, the subscription may be carried out through Bonne Commerciale tollians. Banca Na

On June 13, 1994, the Board of Directors of SASIB S. p.A. determined the subscription price for new ordinary and new non-convertible savings shares, to well as the exercise price for "SASIB Ordinary Warrants 1997" and "SASIB Sevings Warrants 1997", as follows:

Live 7,450, of which Live 1,000 par value and Live 6,450 paid-up surplus, for each of the 11,997,790 new ordinary shares,

Live 4,700, of which Live 1,000 par value and Live 3,700 paid-up surplus, for each of the 10,903,533 new non-convertible savings shares,

Live 8,940, of which Live 1,000 par value and Live 7,940 paid-up surplus, for each of the 11,997,790 new ordinary shares to be reserved exclusively for the exercise of 11,997,790 "SASIB Ordinary Macronia 1987".

Warrants by [7]
Lite 5,040, of which Lire 1,000 par value and Lite 4,040 paid-up surplus, for each of the 10,903,533 new non-convertible savings shares to be reserved excharively for the exercise of 10,903,533.

Procedures - techniting these for U.S. Persons and Persons Outside Italy

Procedures - techning these for U.S. Persons and Persons Qualide Inaly

1) RIGHTS MAY BE EITHER SOLD OR EXERCISED BY OR ON BEHALF OF PERSONS IN THE UNITED STATES AND U.S. PERSONS' (AS SUCH TERMS ARE DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND COLLECTIVELY HEREIN" U.S. PERSONS') INCLUDING HOLDERS OF SPARCS ONLY UPON CERTIFICATION AS DESCRIBED BELIEVED WHAT SUCH PERSON IS A "QUALIFIED INSTITUTIONAL BUYER" (AS GEPINED IN RULE 144A UNDER THE SECURITIES ACT AND REFERRED TO HEREIN AS "QUEST' AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

2) Holders of SPARCS with registered addresses in the United States will receive the appropriate form of certification and other information - including the most recent financial results for SASIB 5.p.A. - Irots the Registrar as specified on their SPARCS. Other builders of SPARCS who are U.S. Persons and who intend to sell or exercise their rights should contact the Registrar to receive such certification and information.

3) In order other to sell or to exercise their rights, holders of SASIB shares who are U.S. Persons and who intend to sell or exercise their rights should contact Morgan Guzzany Trust Company of New York, at the address set from bottow, who is acting to the U.S. tights Agent's to receive such certification and information.

3) In order other to sell or to exercise their rights, holders of SASIB shares who set look below (a "Conversion Agent") the relevant SPARCS with the Entitlement Notice no, is stacked by July 10, 1904 to order to obtain the constant certification and other necessary documents, which, is order to exercise such rights, must then be completed and lockyed with a Conversion Agent prior to July 17, 1904 in order as sell or exercise their rights. Holders of SASIB shares who are U.S. Persons analytecture exercise their rights. Agent prior to july 17, 1904 in order as sell or exercise their rights. Holders of SASIB shares who are U.S. Persons analytecture to sell or to exercise their rig

resion Agents:

pm Gustanty Trust Company of New York, 60 Victoria Embandment, London EC47 OJP, England.

pm Gustanty Trust Company of New York, Carporate Trust Operations Department, 35 Enchange Place, Basement A, New York, NY 10260-0023, U.S.A.

par Partibus Laurembourg, 10A Boulevard Boyal, L-2093 Luxembourg, Laurembourg,

115 A

SASTB S.p.A.

BANK GESELLSCHAFT **BERLIN AG** 

We horeby invite the shareholders of our Company to the Annual General Meeting, which will be held on Friday, 22 July 1994 at 10:00 a.m. at the Bertin International Congress Contre, Hall 1, Messedamm, 14055 Berlin-Charlottenburg.

Agenda

 a) of the adopted Annual Accounts as of 51 December 1995 with the management report for the 1995 financial year and the report of the Supervisory Board b) of the Consolidated Accounts a of the Consolidated Accounts as of 51 De-cember 1995 with the Group management report for the 1995 financial year

2. Resolution regarding the utilization of the profit for the year The Roard of Management and the Supervisory Board propose that the profit for the year be utilized for the distribution of a dividend of DM 9.—for each share having a nominal value of DM 50.— of the equity capital of DM 480,872,050.—as at 51 December 1993.

Resolution regarding formal approval of the actions of the Board of Management the 1993 financial year

The Board of Management and the Supervisory Board propose that the actions of the Board of Management be given formal approval. Resolution regarding formal approval of the actions of the Supervisory Board for the 1993 financial year

The Board of Management and the Supervisory Board propose that the actions of the Board of Management be given formal approval. 5. Election of the Supervisory Board

in view of the creation of the new Bank Group and in accordance with agreements to this res-pect, all current members of the Supervisory Board have resigned from office effective as at the end of the 1994 Annual General Meeting. Pursuant to Section 96 (1) and Section 101 (1) of the German Companies Act and Section 7 (1) No. 2 of the Law on the Codetermination of Labour of 4 May 1976 in connection with Section 8 (1) of the Articles of Association of Bankgesellschaft Berlin AG, the Supervisory Board is composed of ten representatives of the shareholders and ten representatives of the employees. Of the members of the Supervisory Board representatives that have holders action are considered to the state of the Supervisory Board representatives that have holders action are Board representing the shareholders, eight are elected by the Annual General Meeting and two

are nominated to the Supervisory Board by the State of Berlin in its function as shareholder. The Annual General Meeting is not bound by The Supervisory Board nominates the folin-

er representatives to the Heinz Dürr, Berlin Chairman of the Board of Management. Deutsche Bahn AC

Horst Kramp, Berlin

President of the Bertin Chamber of Industry and Commerce Dr. Klaus Murmano, Kiel President of the Cerman Federation of German Employers Associations

Dr. Jens Odewald, Bergisch Gladbach

Chairman of the Board of Management, Kaufnof Holding Aktiengesellschaft

Dr. Wolfgang Peiner, Cologne Chairman of the Board of Man

Edzard Reuler, Stuttgart Chairman of the Board of Management, Daimler-Benz AG Friede Springer, Berlin Managing Director, Axel Springer Gesellschaft für Publizistik GmbH & Co. Gönter Wilhelm, Wiesenthau

i. Resolution regarding approval for a Control and Profit Transfer Agreement with RB-Betrickservice GmbH Ein Unternehmen der Bankgesellschaft Bertin

The Board of Management and the Supervisory Board propose that the Control and Profit Transfer Agreement concinded with SB-Betriebsservice GmbH Sin Unternehmen der Bankgesellschaft Berlin (hereinafter referred m as "BB-Betriebsservice GmbH") on 21 December 1993, with a term lasting from I January 1994 until 51 December 1998, be appropried numbers 1984 for the supervisor of the supervisor approved pursuant to Section 295 (2) of the German Companies Act. In aummary, the Agreement has the following contents:

BB-Betriebsservice GmbH puts the management of its Company under the control of Bankgesellschaft Bertin AG and accordingly undertakes to follow the instructions of Bankgesellschaft Bertin AG.

SR-Betriebeservice GmbH has und to transfer its annual net profit to Sank-gesellschaft Berlin AG at the end of each financial year, in accordance with the relevant scipulations of Section 501 of the German Companies Act. SB-Betriebsservice GmbH may not transfer

more of its profits for the year in other retained profits than can be deemed reasonable from a commercial point of view. In accordance with the relevant stipulations of Section 302 of the German Companies Act, Bankgesellschaft Beritn AG undertakes to make up any loss for the year occurring during the term of the Agreement, unless such loss is being made up through the withdrawal of amounts transferred to other retained profits during the term of the Agreement.

The Agreement shall be extended automati-The Agreement shau be extended automati-cally from year to year after the expiry of the fixed term of duration thereof, by one year res-pectively unless notice of termination is given of least six months prior to the end of the finan-cial year. The contractual relationship shall

The Control and Profit Transfer Agreement is available for examination by the shareholders at the premises of Bankgesellschaft Berlin AG: o copy of which will be posted to shareholders upon request. The Agreement will olso be available for examination at the Annual General Meeting.

Besolution regarding authorization for Bankgeselischaft Berlin AG to purchase its The Board of Management and the Supervisory Board propose the following resolution:

thet, in the event of the Second Law on the Promotion of Financial Markets and tho amendment it entails to Section 71 of the German Companies Act coming into force, Bankgesellschaft Berlin Aktiengesellschaft be authorized, for the purpose of securities trading, to purchase and sell its own shares at prices and exceeding or below the average. ces not exceeding or below the average sandard quotation of the shares at the Berlin Stock Exchange by more than 10% for the ten trading days preceding the purchase or sale of The Board of Manager

the shares. The trading portfolio of shares to be purchased for this purpose may not exceed 5% of the equity capital of Bankgeselischaft Bertin Aktiengeselischaft at the end of any one day. This authorization shall be valid for o period of 18 months. Should the final version of the law 8. Election of the auditor for the 1994

The Supervisory Board proposes that KPMG Deutsche Treuband-Gesellschaft Aktienge-sellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt-on-Main, and Sijo

in order to participate in the Annual General Meeting and exercise their right to vote, sha-reholders must have deposited their shares by 15 July 1994 at the latest at

b) one of the branches of the following banks: Deutsche Bank Aktiengesellschaft

Bayerische Vereinsbank

Sal. Oppenheim jr. & Cie. Kommanditgeselischaft auf Aktien Trinkaya & Burkhardt

Vereins- und Westbank M.M. Warburg & CO BfG Book AC.

Norddeutsche Landesbank

Merck, Finck & Co. leaving them there until the end of the Annual General Meeting.

Shares shall also be deemed duly deposited if. with the approval of one of the places of deposit, they are blocked at another bank from 15 July 1994 until the end of the Annual General Meeting.

BANKGESELLSCHAFT BERLIN

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division turned in a pre-tax profit of NKr16m, against a loss of NKr33m, on sales which rose to Nkr1.62bn from NKrl.5bn. Pre-tax profits of the pulping

TES\* :415%

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a) Bankgesellschaft Bertin Aktiengesellschaft ur one of the branches nf Bertiner Bank Aktiengesellschaft ur Landesbonk Bertin

Baden-Württembergische Bank Bayerische Hypotheken- und Wechsel-Bank Aktiengeselischaft

Berliner Handels- und Frankfurter Rank Commerzhank Aktiengeselischaft Delbrück & Co. DG BANK Deutsche Genossenschaftsbank Dresdner Bank Aktiengesellschaft

Shares may also be deposited in the care of o German Notary Public or at n securities clearing and depositing bank. A certificate to this effect must be submitted to the Company by 18 July 1994 at the latest.

Beriin, June 1994

ner profit up h

r weak oil uni

By Frank McGurty in New York and Graham Bowley and Conner Middelmann in London

US Treasury bonds slumped yesterday morning amid fears that the Federal Reserve might lift interest rates again to support the weakening dollar. By midday, the benchmark 30-year government bond was down at 85%. The yield rose to 7.463 per cent, just shy of the upper limit of its recent

trading range. The two-year note was off & at 5.873 per cent, to yield 5.873 per cent.

Jitters over monetary policy, never too far from the surface in recent weeks, resurfaced as the dollar came under renewed selling pressure in the foreign exchange markets.

The persistent weakness of the US currency has alarmed bond traders because it could force the Fed to tighten monetary policy for the fifth time this year, perhaps as early as next month.

At least one Fed governor, Mr Lawrence Lindsey, is on record as saying the dollar's decline contributed to the cen-tral bank's decision to lift rates last month.

Traders were anxiously awaiting a statement by Mr Lloyd Bentsen, the treasury secretary, who was expected to address the issue of the US currency'e instability later in the

afternoon.

Amid these misgivings, Treasuries moved moderately lower in early trading, following through on overseas activity in which the yield on the long bond tested its 7.50 per cent support level.

Later, bonds were given a sorely needed boost by reports that central banks were quietly entering the foreign exchange markets to support the dollar. US-denominated eccurities would likely benefit from the reinvestment of such pur-

The bond market also benefited from a decline in commodity prices, whose sharp rise has complicated the out-look. The softer tone in gold, oil and other products by midmorning helped bonds trim their losses to modest levels as suries on Friday, markets rose the afternoon commenced. After last week's barrage of economic data, traders were

US prices drop as dollar comes under pressure

looking ahead to a rather quiet week. The most significant news is due on Thursday, with the release of May durable goods orders and weekly figures on claims for unemployment benefit.

#### GOVERNMENT BONDS

The market is also facing a fresh influx of eupply this week. The Treasury is scheduled to auction \$17bn in twoyear notes today and \$11bn in five-year securities tomorrow afternoon.

European government bond markets fell to new lows in volatils trading yesterday, on weakness in US Treasuries, a falling dollar and worries over rising inflation and talk of a global capital shortage.

After opening lower on the back of the mark-down in Treasqueeze befors heading back downwards. Futures trading dominated, with little activity

The second control of the second control of

reported in the cash market. Traders said many US-based investors took advantage of the weakness of the dollar to switch from European into US assets. Dealers also reported position-squaring by investors ahead of the end of the second

Although German government bonds were the least affected by the sell-off, the September hund futures contract on Liffe fell by more than 1 point to a new low for the year before settling around 90.33, down 0.78 points on the day.

"The market is taking worst-case scenario on inflation and interest rates," said Mr Ifty Islam, fixed income strategist at Merrill Lynch. They are taking nothing on trust and want to see actual proof that [German] money supply growth is under control and inflation is falling." May M3 money supply data are The minimum rate rose to 8.05 expected this week.

■ The French market was dragged down with the rest of Europe, with some added political uncertainty following the resignation of Mr Michel Rocard as head of the French Socialist party. The September future con-tract settled at 122.84, down

0.94 points. ■ UK gilts also had a roller-coaster day, falling sharply on early selling in the futures pits

and recouping some of their losses on late short-covering. In the absence of marketmoving domestic news, gilts tracked international markets lower. The September long gilt futures contract fell by about

% points to 98號. ■ Italian bonds fell sharply early on but recovered some-what on late short-covering. A sharp rise in the repo rate at the Bank of Italy'e latest

open-market operations aggra-vated weak market conditions.

per cent, from 7.75 per cent at the last repo and above the 8 per cent Lombard rate. However, the central bank said this was an anomaly and it had no intention of pushing rates

Spanish bonds fared even worse, with the September 10-year futures contract falling 2.3 points to 87.75. Its early plunge prompted the Spanish futures exchange to widen its daily limit up or down for the con-tract to 300 basis points from 200 points. The Spanish 10-year bond yield spread over bunds widened to 362 basis points, from 336 points on Friday.

■ Japanese bonds took another tumble, dogged by jitters over domestic politics, the rise in commodities prices, fears of an expanding budget deficit and worries that economic recovery may lead to monetary tightening by the Bank of Japan. Since May 30, the yield on the benchmark govern bond has risen by about 80 basis points to 4.51 per cent.

## **Strong demand for** Hungarian offering

By Nicholas Denton in Budapest

Hungary's largest initial public offering so far this year opened yesterday, a 29 per cent stateowned tranche in pharmaceuticals producer Egis.

Part of the \$44m issus is available on preferential terms in exchange for "compensation coupons," special state securi-ties granted to victims of communist expropriation.

The issus met strong demand from local investors. Some compensation coupon holders and speculators bad hegun queueing last Friday and police had to intervene yesterday in Budapest to pre-vent scuffles and restore order to the queues.
Foreign institutional inves-

tors, for whom 16 per cent of Egis is earmarked, have also shown keen interest.

Although subscriptions for cash payment only begin today, early indications are that the foreign component will be two to three times over-

Egis shares have been priced at about half the Budapest Stock Exchange average, at just 7.3 times forecast 1994 after-tax earnings of Ft1.87bn (\$18m).

The London-based European Bank for Reconstruction and Development bought a 30 per

cent stake in Egis in December last year and the purchase price is linked to the flotation value of the pharmaceutical company.

The EBRD will therefore pay \$45m for its shareholding, bringing the total raised in the privatisation of Egis to \$89m and making the complete transaction the largest so far in Hungary this year.

Egis will also become the second largest company on the Budapest Stock Exchange when it gains a listing in the middle of July.

Lead manager for the Egis transaction is CS First Boston, the international investment bank. CSFB and CA Securities a subsidiary of Austria's Creditanstalt group, have dominated Hungary's new issue market

The Egis IPO is one of a series of equity issues by Hungarian drugs groups, a sector in which the country is traditionally strong. Shares in Chinoin and Pharmavit go on sale later this week.

Richter Gedeon, Hungary's largest pharmaceuticals com-pany, is expected to follow Egis on to the stock market next month in a transaction of comparable value.

Schroders, the UK merchant bank and CA Securities are advising on the sale of about 30 per cent of the company.

## Treasury sets date for UK privatised debt sale

By Antonia Sharpe

UK Treasury'e previously-announced sale of debt issued by privatised companies will take place on July 18, Salomon Brothers, the US myestment bank acting for the

Treasury, said yesterday. The sale, which the Treasury hones will raise between 51hn and £1.5bn, includes bonds issued by British Telecommunications, London Electricity, Manweb, National Grld, National Power, Scottish Hydro and Seeboard.

Issuers have been invited to submit firm offers to buy back their debt by noon on July 18.

National Grid has pre-emption rights to repurchase the two bonds selected for inclu-sion in the sale. If these rights are exercised the bonds will not be available for sale to

third parties. The Treasury holds deht with a face value of £2.7bn issued by privatised utilities. This summer's sale of debt forms part of the £5.5bn privatisation programme for 1994-95.

The programme, which was announced in last November's Budget, includes the receipt of final payments for BT3 shares and the sale of remaining stakes in the electricity genera-

## Canada issue to replenish its reserves

By Antonia Sharpe

Fresh volatility in European government bonds brought new issuance in the eurobond market to a virtual standstill yesterday, the only deal of note being a \$2bn issue of three-year eurobonds from Canada.

Syndicate managers said that while the pricing of the issue was correct, they feared that the market would have difficulty in absorbing the bonds in view of the latest sell-off in the markets and worries about the dollar. They also questioned whether there was enough retail demand for short-dated dollar bonds to snsure swift placement.

The Canadian finance minis-

try said the size of the offering would enable it to become the new three-year benchmark in the eurodollar sector and would ensure a liquid secondary market. The proceeds will replenish the country's foreign exchange reserves following its

#### INTERNATIONAL BONDS

recent sales of US dollars in the foreign exchange market to protect the Canadian currency. Lead managers Deutsche and UBS reported steady sales to investors in the Far East and Europe. However, syndicate managers expected loose bonds coming back into the market,

especially from banks within the syndicate, to cause the yield spread on the bonds to widen, even though the joint leads would be under pressure to defend the spread. At launch the bonds were priced to yield 17 basis points over three-year Treasuries and when they were freed to trade the spread remained unchanged.

The market is looking ahead to Fannie Mae's first global bond offering, due to be launched tonight to coincide with Tokyo trading hours. Pricing of the \$1.5bn issue of 10year bonds is scheduled for Wednesday afternoon London time. They are likely to be priced to yield around 23 basis points over Treasurles,

Later in the week, UCB Group, a subsidiary of Compagnie Bancaire of France, is likely to raise £250m to £300m through an offering of mort-gage-backed bonds through its special-purpose vehicle, Leo 2. J. P. Morgan is believed to be handling the issue.

• Standard & Poor's, the

international rating agency, has affirmed the long-term debt ratings of Barclays Bank and its units (double-A for senior debt, double-A minus for subordinated debt and single-A plus for junior subordinated perpetual deht) and removed them from CreditWatch, where they were placed in March. The rating outlook is stable.

5.77 5 yrs 6.42 15 yrs 5.41 20 yrs 6.36 kred.†

2.53 Up to 5 yrs 2.65 Over 5 yrs

## Venezuela rating may fall

-- Low coupon yield -- -- Medium coupon yield -- -- High coupon yield -- Jun 20 Jun 17 Yr, ago Jun 20 Jun 17 Yr, ago Jun 20 Jun 20 Jun 17 Yr, ago

8.54 8.70 8.70

7.20 8.14 8.25

2.79 3.78

8.68 8.81 8.81

7.78 7.98

3.79 2.97 3.91 3.53

Jun 20 Jun 17 Yr. ago

3.86

By Tracy Corrigan

Standard & Poor's may lower the Republic of Venezuela's double-B minus debt rating, which applies to the country's \$2bn-worth of eurobonds.

The country's Brady bonds, consisting of \$20bn of debt issued as part of its 1990 commercial bank rescheduling agreement, are not rated.

The rating was placed on CreditWatch with negative implications due to "the disarray in the Caldera administra-tion's economic policies [and]

financial sector", The move comes at a time when other Latin-American countries, such as Mexico, are hoping that their ratings will

8.81

2.72 3.71

the deepening crisis in the

BENCHMARK GOVERNMENT BONDS  Ped Doy's Week Month	Italy  N NOTIONAL ITALIAN GOVT. BOND (STP) RUTURES	FT-ACTUARIES FIXED INTEREST INDICES Price Indices Mon Day's Fri Accrus
Coupon Date Price change Yield ago ago	CLFFS* Lina 200m 100ths of 100%	UK Gitts Jun 20 change % Jun 17 Intere
Nostralia 9.000 09/04 95,9800 =2.480 9.62 8,85 8.57 Belglum 7,250 04/04 94,3500 +0.050 8.10 7,90 7.43	Open Sett price Change High Low Est, vol Open Int. Sep 100.00 101.75 +0.15 102.49 99.60 84696 85136	1 Up to 5 yeers (24) 120.35 -0.39 121.12 1.4 2 5-15 yeers (22) 137.63 -0.93 138.93 1.8
arrada." 6,500 08/04 81,9500 -0,750 9.33 8.78 8.29 enmark 7,000 12/04 90,0200 -0,730 8.46 8.06 7.30	Dec 100,70 +0.15 0 100	3 Over 15 years (9) 154.93 -0.50 156.66 2.5 4 Interdeemables (8) 174.54 -0.91 176.15 1.7
Ince BTAN 8,000 05/98 102,2500 -0.880 7.03 6.77 6.08 CAT 5.500 04/04 84.2400 -0.450 7.86 7.47 8.78	# ITALIAN GOVT, BOND (STP) FUTURES OPTIONS (LIFFE) Line200m 100ths of 100%	5 All stocks (61) 136,93 -0.68 137,00 1.8
many Treuhand 8,750 05/04 95,0800 -1,210 7,32 7,00 6,64 8,500 01/04 85,0000 -1,650 11,09† 10,04 8,25	Strike CALLS PUTS	Index-linked
No 11S 4.900 D8/99 103,6370 . =0.880 3.93 3.52 3.25 No 164 4.100 12/03 87,4030 :=0.520 4.49 4.23 3.75	Price Sep Dec Sep Dec 10150 2.60 - 3.21 2.35 4.01	5 Up to 5 years (2) 185.56 -0.15 185.83 1.0 7 Over 5 years (11) 168.71 -0.64 171.15 0.5
nds 5,750 01,04 88,1800 -0,720 7.36 7.12 6,62 10,500 10/03 87,2000 -2,500 10,97 10,08 9.41	10200 2.34 2.00 2.59 4.29 10260 2.10 2.78 2.85 4.58	S All stocks (13) 170.47 -0.59 171.79 0.6
8 8,000 08/98 88-28 -25/32 8.47 8.24 7.53 8,750 11/04 86-06 -30/32 8,79 8,58 7.96	Esc. vol. total, Colle 4144 Puts 2073. Previous day's open inc., Calls 23858 Puts 20686	Debentures and Lowus
8,000 10/08 101-24 -39/32 8,78 8,63 8,05 esury 7,250 05/04 100-20 -8/32 7,16 7,07 7,15		9 Debs & Loens (76) 126.91 +0.01 127.18 2.0
6,250 09/23 85-20 -12/32 7.47 7.35 7.38 Trench Gov() 6,000 04/04 85,0000 -0,000 8.29 7.91 7.16	Spalo	Average gross redemption yields are shown above. Coupon Bands: Low; 0%-)
in checks, Wow York mid-day  gs (including witholding los at 12.5 per cent psyable by nonrealdents).	M NOTIONAL SPANISH BOND FUTURES (MEFF)	
US, UK in 32nds, others in decimal Source: MMS International	Open Sett price Change High Low Est. vol. Open int.	FT FIXED INTEREST INDICES Anne 20June 17 June 18 June 16 June 14 Yr age
INTEREST RATES Treesury Bits and Bond Yields	Sep 88.06 87.79 -2.30 88.70 86.56 86,226 92,616 Dec -	Govt. Secs. (UK) 91.14 91.78 \$1.00 92.38 81.95 96.41
		Fixed Interest 108.31 108.37 196,73 109.12 108.62 113.40 for 1994, Government Securities righ since completions 127,40 (9/1/35), low 49
han rate 512 Three ponth 4.22 Five year 6.73	UK	26 and Fixed Interest 1928. SE activity Indices rebased 1974
ds at intervention. • One year 5.17 30-year 7.46	M NOTIONAL UK GILT FUTURES (LIFFE)* \$50,000 32nds of 100%	
ND FUTURES AND OPTIONS	Open Sett price Change High Low Est. vol Open Int.  Jun 100-06 99-26 -1-06 100-08 88-14 1038 10275	STASMA INTERNATIONAL DOND CERTACE
	Sep 99-02 98-18 -1-06 99-11 87-31 74338 118456	FT/ISMA INTERNATIONAL BOND SERVICE
ICO NONAL FRENCH BOND FUTURES (MATIF)	Dec 97-18 -1-08 0 67  LONG GET FUTURES OPTIONS (LIFFE) ESO,000 64ths of 100%	Listed are the latest international bonds for which there is an exequate secondary Issued Bid Offer Chy. Yield
Open Satt price Change High Low Est. vol. Open Int.	Strike CALLS PUTS	U.S. DOLLAR STRAIGHTS United King
112.40 112.84 -0.94 112.66 111.60 · 297,606 120,061 111.54 111.94 -0.94 111.90 111.00 2,631 8,756	98 2-45 3-02 2-07 3-28	Abbey Natl Treasury 6 <sup>1</sup> / <sub>2</sub> 96 1000
110,74 111.14 -1.86 110,74 110,74 2 -	99 2-12 2-38 2-38 4-00 100 1-47 2-13 3-09 4-39	Austria 6 <sup>1</sup> 2 00 400 105 <sup>3</sup> 4 108 4 7.20 World Ben Benk of Tokyo 8 <sup>3</sup> 6 98 100 103 <sup>3</sup> 4 103 <sup>3</sup> 4 3 8.43 World Ben
G TERM FRENCH BOND OPTIONS (MATIF)	Est. vol. scial, Calla 6172 Pula 6643. Previous day's open int., Calls 52142 Pula 37079	Brigam 5½ 00 1000 65½ 86½ -½ 7.86 BrCE 7½ 97 150 102½ 103½ -½ 6.64 SWISS FE
Jul Sep Dec Jul Sep Dec		British Gain D 21 1500 10% 111 8.44 Asian Dev Canada 9 98 1000 104% 104% -1 6.15 Austria 41
0.26 1.38 1.40 2.50 3.49 - 0.12 0.96 1.06 3.32 4.15 6.16	Ecu	Cheung Kong Fin 6 <sup>1</sup> 2 98 500 90 <sup>5</sup> s 91 <sup>1</sup> s 4 8.17 Council St China 6 <sup>1</sup> 2 04 1000 67 87 <sup>1</sup> 2 - <sup>3</sup> s 8.68 Denmark 4
0.06 0.72 0.80 - 4.94 - 0.04 0.43 0.57 - 6.50 -	ECU BOND FUTURES (MATIF)	Council Europe D 98 100 103 4 193 4 -4 6.57 298 6 4 06
0.30 - 7.03 - 7.	Open Sett price Change High Low Est. vol. Open Int. Sep 80.90 81.42 -0.78 81.50 80.30 1,487 6,572	Credit Foncier 9 <sup>1</sup> / <sub>2</sub> 99 500 108 <sup>1</sup> / <sub>8</sub> 108 <sup>1</sup> / <sub>8</sub> − <sup>1</sup> / <sub>8</sub> 7.12 Bbc de Fe Dermitt 5 <sup>1</sup> / <sub>8</sub> 96 500 08 <sup>1</sup> / <sub>8</sub> 97 <sup>1</sup> / <sub>8</sub> − <sup>1</sup> / <sub>8</sub> 6.76 Finished 7 <sup>1</sup> . Seet Jupon Finished 5 <sup>5</sup> / <sub>9</sub> 04 600 92 92 <sup>1</sup> / <sub>8</sub> − <sup>1</sup> / <sub>2</sub> 7.52 Hyunchi M
nany	Sep 80.90 81.42 -0.78 81.50 80.30 1.487 6.872 Dec	ECSC 84, 00 193 103 k 104 4 6.52 lookend 7%
TIONAL GERMAN GUND FUTURES (LIFFE) DM250,000 100ths of 100%	US	EB 74, 96 250 1024 1034 4 6.94 Ontario 64
Open Sett price Change High Low Est. vol Open Int. 90.41 90.33 -0.78 90.79 89.91 170891 155479	III US TREASURY BOND FUTURES (CST) \$100,000 32nds of 100%	Elec de France 9 98 200 10612 107 -1s 6.94 SNCF 7 04
89.57 89.65 -0.81 90.00 89.52 792 2043	Open Latest Change High Low Est. vol. Open Int. Jun 103-29 103-23 -0-07 103-29 103-12 19,430 29,788	Bir-lon Bank Jopen 0 02 600 1023 103 -9 7.54 World Bank
FUTURES OPTIONS (LIFFE) DN250,000 points of 100%	Sep 103-00 102-24 -0-07 103-00 102-12 458,258 349,070 Doc 102-08 102-02 -0-08 102-08 101-24 1,775 37,342	Export Dev Corp 9 <sup>1</sup> 2 00 150 108 <sup>3</sup> s 108 <sup>3</sup> s 7.05 Friend 6 <sup>3</sup> s 97 3000 100 100 <sup>3</sup> s 8.86 YEN STRU
Jul Aug Sep Dec Jul Aug Sep Dec	and the section of the section of the sections	Firmish Export 9 <sup>1</sup> g 90 200 104 <sup>1</sup> g 104 <sup>2</sup> g 6.05 Shightan 0 Foot Motor Opdit 9 <sup>1</sup> g 90 1500 97 <sup>1</sup> g 97 <sup>2</sup> g - <sup>1</sup> g 7.19 618 6 <sup>2</sup> g 00
0.68 1.48 1.79 1.95 0.35 1.15 1.46 2.30 0.40 1.20 1.51 1.72 0.57 1.37 1.66 2.57	Japan	Gan Bec Capital 9 <sup>3</sup> g 00
0.21 0.96 1.27 1.00 0.96 1.65 1.94 2.86 total, Calls 1999 Puls 23103. Provious day's open int., Calls 214162 Puls 225412	M NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES	Ind Bit Japan Fin 7 <sup>2</sup> s 97 200 102 <sup>1</sup> 2 106 <sup>1</sup> s <sup>-1</sup> 4 8.88 km/s <sup>3</sup> 2 01 inter Armer Day 7 <sup>2</sup> s 00 200 102 <sup>3</sup> s 102 <sup>3</sup> 4 <sup>-1</sup> 8 6.42 Japan Day
TIONAL MEDIUM TERM GERMAN GOVT. BOND	(LIFFE) Y100m 100ths of 100%  Open Close Change High Low Est, vol Open Int.	Japan Dev Bk B <sup>2</sup> g 01 500 B2 kg 80 kg - kg 8.86 Japan Dev Japan Dev Bk B <sup>2</sup> g 01 500 1047g 1054g - kg 7.41 Nappon tel
BL)(LIFFE)* DM250,000 100ths of 100%	Sep 107.78 108.25 107.78 2991 0	Kental Rec Per 10 90
Open Sett price Change High Low Est. vol Open Int. 96.45 -0.70 0 76	* UFFE contracts tracked on APT, All Open Interest figs. are for previous day,	LTCB Fin 0 97 200 1023 <sub>8</sub> 1033 <sub>9</sub> 3 <sub>8</sub> 6.93 Spain 53 <sub>9</sub> (Mateurinia Bec 75 <sub>8</sub> 02 1000 973 <sub>2</sub> 977 <sub>8</sub> 3 <sub>8</sub> 7.81 Sweden 4
20.79 MIN		Nippon Cred Bk 10 <sup>3</sup> s 96 150 104 104 <sup>3</sup> z <sup>-1</sup> s 6.30 World Burl Norwey 7 <sup>1</sup> s 97 1000 101 <sup>5</sup> s 102 <sup>-1</sup> s 6.58
GILTS PRICES		Onterio 7 <sup>2</sup> 1 03 3000 97 <sup>2</sup> 2 97 <sup>2</sup> 4 -2 7.93 OTHER ST Outer Kontrollbank 8 <sup>1</sup> 2 01 200 105 <sup>2</sup> 6 105 <sup>2</sup> 6 - <sup>2</sup> 6 7.40 Arbed 7 <sup>2</sup> 2
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## Closure costs cut East Midlands Electricity

By David Wighton

East Midlands Electricity is increasing its dividend for the year by 16 per cent to 22.7p in spite of a sharp fall in profits due to the costs of closing most of its contracting operations.

In May the company announced its decision to reverse its expansion into contracting and to write-down the asset value of its home security and retailing businesses. This resulted in a total

exceptional cost of £129.5m which reduced pre-tax profits to £51.2m (£155.1m) in the year to March 31. Turnover fell 8 per cent to £1.44bn (£1.57bn) following the separation of the

Mr Norman Askew, the new chief executive, said the dividend rise from 19.5p, with a recommended final of 15.9p, reflected the strength of the underlying business. Operating profits advanced by 13 per cent

to £182.8m (£162.1m).

Mr Askew also pointed to the strong cash inflow last year which cut net borrowings from 2141.4m to just £2m. More than half the inflow was due to one-off factors with underlying of 400 jobs and a further 100

cash generation improving to have gone so far this year. £57.4m (£38.7m) East Midlands is to seek shareholder approval for the

purchase of up to 10 per cent of its shares in the market. Mr Askew, who conducted a

full review of the group follow-ing his appointment in September 1992, said this was consistent with its new strategy of focusing on its core electricity He said: "The first call on the group's cash is to invest in

the core business to get costs down. However, the surplus should not be left tied up in the company but released to The company had ruled out, for the time being, the idea of moving into the provision of

any other utility services, he Operating profit from the electricity distribution business rose by 10.6 per cent to £169.9m with the number of electricity units distributed up

1.7 per cent. Last year's restructuring of the electricity business, which will yield annual savings of | Emap approach rebuffed by Trans World

By Raymond Snoddy

The retailing business,

which was put into a joint ven-

ture with Yorkshire Electric

ity, lost a total of £5.7m and Mr

Askew said that further

restructuring was required in the electrical retailing market.

Earnings per share fell to 12.7p (53.3p) but before excep-

tionals rose to 63.7p (59.2p).

Given the slump in earnings

the 16 per cent rise in the divi-

dend might seem over-gener-

ous. But it is still covered 2.8

times by earnings before exceptional items and the balance

sheet is in fine health despite

the diversification damage. Although East Midlands' distri-

bution business is already one

of the most efficient in the sec-

tor the new team, with a

wealth of private sector experi-

ence behind them, believe

there is still a long way to go.

For the moment all City atten-

tion is focused on the sector's

new price which the regulator

will announce in August. Now

yielding 5 per cent, East Mid-

lands shares appear to be dis-counting all but the worst pos-

The board of Trans World Communications yesterday rebuffed an approach from Emap, the media and exhibitions group, for a recommended takeover that would have valued the commercial radio group at about

£70m. The statement came after last week's announcement that Emap, which already owns 30 per cent of Trans World, had an agreement giving it until June 22 to buy at 181p a share the 22 per cent stake owned by

Mr Owen Oyston.
The six members of the 10strong Trans World board who did not exclude themselves from the decision concluded that the premium on offer was not high enough.

The board also expres concern that the deal could face a legal challenge.

A full Emap takeover of
Trans World would breach the legal limit on the number and

licences which can be held by one company. The Radio Anthority, the industry regulator, has agreed "an ownership structure" that could be put in place for part of Emap's existing radio inter-ests to enable it to comply with the rules.

size of commercial radio

The directors of Guardian Media, publishers of The Guardian, which owns 20 per cent of Trans World, separately made it clear yesterday that it was considering a legal challenge to the ownership

The Trans World board said yesterday that the 181p price represented a premium of 5 per cent over the 172.3p average of marked bargains on the day before the Emap

The board also emphasised resterday that under the City Code on Takeovers and Mergers, Emap's statement that it would not increase its 181p offer was now binding.

Emap declined to comment yesterday, although it is clear that if, as seems likely, it decides to go ahead with its purchase of the Oyston stake before tomorrow's deadline, it company.

That in turn could lead to

considerable uncertainty if there is a legal challenge.

# British Steel sees future in the east

Andrew Baxter on the company's long term growth possibilities

ucked away in British Steel's results statement TURNOVER is a figure which could By destination hold the key to the group's long-term growth strategy as it grapples with the maturity of Rest of Europe Other areas its traditional markets and continuing confusion over subsidies in Europe. Turnover outside the UK and continental Europe, classified as other areas, rose from £841m Coated strip products ctions and plates to £735m for the year to the **Tubular products** end of March. As British Steel Stainless products ays, North American and east

Asian markets were strong. Stripping out North America, turnover in the rest of the world was between £350m and £400m, compared with £340m, of which Asia accounted for £264m. The year before it had reached £390m as British Steel, in the depths of the UK recession, desperately sought markets where steel was in

The figures are important because they encompass developing countries where demand for steel is still growing fast, notably east Asia, and is set to continue that way for a decade or more. But they also present a challenge to British Steel, which accepts that the numbers cannot grow much more unless it develops its presence

in these markets. British Steel has been one of the main beneficiaries of Asia's net deficit in steel production, helped by a joint venture it set up with Jardine Matheson of Hong Kong in 1986, and by a network of British Steel sales offices. The latest one, in Ho Chi Minh City, is just about to

Among the record 30m tonnes of steel imported by various producers into China last year were more than 100,000 tonnes of British Steel long products used in construcBy product grouping recognises that it must have a

The company has followed and supported British industry in the region. Its structural steel has been supplied to big projects in Hong Kong, the Phi-lippines and Taiwan. It recently received its first order from Vietnam, for 100 tonnes of structural sections.

Semi-finished products

But along with most of its European and US competitors, British Steel has no mills in Asia, and most of the steel it sells in the region is exported from the UK. The company is thus faced with heavy transport costs and the threat from countries such as China and India which want to become self-sufficient in steel or even

net exporters. "If you have not turned your export sales into domestic production, you will lose out," said Mr Edward Hadas, steel analyst at Swiss Bank Corporation. "At some point that export market won't be there." British Steel's three-pronged strategy for the region and other steel markets such as

central and eastern Europe,

presence there, although it falls short of turning them into "core" strategic regions. It believes it ought to be able

to optimise revenues by being aware of opportunities in these markets and becoming involved in projects when something more than a com-modity grade of steel is needed. Having built up a worldwide marketing capability it has the necessary shipping, financing

and other skills to make a successful steel sale. hirdly, and most significantly, it is developing

what it sees as a "pathfinder" role, recognising the difficulty of predicting which markets will have the strongest growth. The aim is to position the company within individual markets to increase its knowledge, and identify possible investment decisions and potential local partners. Investments could be any-

thing from a service or distrimill. For example, if British

Steel was to become a large supplier in flat-rolled steel markets in Asia, as demand for cars and domestic appliances accelerates, it may have to make such investments.

Mr Brian Moffat, British Steel's chairman and chief executive, said the company was more likely to invest to add value to the steel process rather than manufacture raw steel. Characteristically. though. British Steel is not rushing, and Mr Molfat said nothing is immediately immi-

However, some observers believe the company should not wait too long, or risk being shut out by the expansion plans of indigenous producers

- especially the Chinese.

Mr Hadas said the rational strategy for British Steel would be to use any excess cash flow to invest in processing or producing steel where demand growth was higher. Expansion ontside Europe

and North America should be at the top of the company's list of strategic priorities, he said. The risks may be relatively high, but the company had technical, management and marketing expertise to offer.

Ultimately, the world's expanding steel regions look like providing a test for Mr Moffat in one of his two key tasks at British Steel - finding ways to grow its revenues. His prowess in the other task, continuing the fight to contain costs and boost productivity further, is already proven.

Meanwhile North America is not being ignored. The company said it was finalising a study to make a significant investment in Tuscaloosa Steel, Its Alabama subsidiary, to create a "world competitive mini-mill producing steel plate.

## Electra's net assets improve

By Bethan Hutton

Net assets at Electra, the venture capital investment trust, rose by 11.6 per cent to 380.9p per share over the six months to the end of March. Total net assets stood at £659m at March 31, but have declined slightly since then. Mr Michael Stoddart, chairman, said be viewed the future with "tempered optimism".

Electra's portfolio consists of about one third listed companies and two thirds unquoted companies or listed stocks where there are dealing restric-About 30 per cent is invested

in the US. Most of the remain-der is in the UK, with a few small holdings in continental Europe. The fund does not currently invest in east Asia, but said it had plans for the region. The listed portfolio grew by 17.6 per cent over the half year, compared with a 3.7 per cent rise in the FT-SE-A All-Share Index. The unlisted portfolio

grew by 7.2 per cent.
US growth lagged behind the
UK because of declining US stock markets and poor performance by a number of compa-nies, including Atlantic Coast Airlines, Sphere Drake Holdings and US Long Distance. New unlisted investments,



Michael Stoddart (left) with Hugh Mumford, managing director: will retain holdings if market is not receptive to new issues

tions of unlisted investments brought in £29.3m.

During the half year, four companies in the portfolio were listed and since the end of March a further three have floated. Two more, EuroDollar and Pillar Property Investments, have announced plans to seek a London listing.

"Although we take advantage of market conditions to realise investments through flotations, we are happy to retain our shareholding if the stock market is not receptive to new issues," Mr Stoddart

the US and the UK. Realisa- nies, bs added.

Net available revenue for the half year rose to £6.94m (£6.05m) and an interim dividend of 3.55p (3.45p) is declared from earnings per share of

4.01p (3.5p). Electra will shortly lose its position as the UK's largest venture capital trust, with the flotation of 3L Its results will announced tomorrow.

## Aer Lingus flies into fresh turbulence

By Tim Coone in Dublin

Aer Lingus, Ireland's state airline, is again running into turbulence as 2,000 staff at Team, its aircraft maintenance subsidiary, yesterday rejected new proposals on pay and working practices. Also 750 cabin crew are threatening industrial action over new rostering arrangements. The disputes come exactly six months

after the European Commission approved will hold a majority of the a E175m (£172m) equity injection by the Irish government into the airline, to finance a restructuring package to return it to commercial viability. Some If56m has

finally agreed to 800 redundancies and significant changes in work practices, the overall effect of which has been to strip

some I£50m out of annual operating costs. However, trade union representatives for the cabin crews and the aircraft maintenance staff say that the Aer Lingus management is now seeking further pay cuts and new rostering arrangements which break last November's agreement

A transatlantic Boeing 747 flight was cancelled at the weekend following a crew dispute, causing disruption for some 900 passengers who had to be accommodated in botels in Boston, Dublin and Shannon. The cabin crews have voted by nine-to-

Mr Paul O'Sullivan, the union negotiator for the cabin crew said: "The strength of feeling can be gauged from the fact that cabin crews have never in the past voted in favour of going it alone on industrial action. Management at Team have warned that

unless the workforce accepts proposals now before it, 850 compulsory redundancies will have to be made beginning this week. Such a move would trigger strike action by the union. It is thought this would rapidly spread throughout the Aer Lingus group,

Analysts believe that Team's financial problems will be compounded by the airline's decision to replace its ageing Boeing 747s with European Airbus A330s, the first of which recently entered service. Team is tooled up to work on Boeing aircraft only.

#### amounting to £71.2m, were said. Trade buyers were also split almost equally between interested in eeveral companet asset value of 378p. See Lex Critchley 26% ahead at £3.85m

By Paul Taylor

Critchley Group, the electrical cable accessories manufacturer, reported a 26 per cent increase in pre-tax profits from 53.05m to £3.85m in the year to March 31. The outcome, achieved on

turnover ahead 21 per cent to £28.9m. was struck after a £750,000 provision to cover moving and other costs. It was in line with forecasts made last month when the

group announced plans to buy idento, e German cable identification products group, for DM27.5m (£11m). The acquisition was funded in part by a £10m open offer

to shareholders and was com-pleted last week. The Critchley Label Centre business acquired from BT in

May last year contributed

Earnings per share grew by 10 per cent to 21.1p (19.1p), held back by a slightly higher tax charge rate and the dilutive effects of the shares issued at the time of the flotation in November 1992. The proposed final dividend

is increased by 15 per cent to 5.5p, making a total of 8.1p for the year. The shares closed up Mr Ian McCallum, chief exec-

utive, said he was pleased with the results. "Margins improved across

the group and we are particularly encouraged by the increase in sales overseas which represent nearly 40 per cent of the total," he said. Operating profits increased by 24 per cent to £3.73m (£3m).

Annual Results

Net rental income record £30 million (1993 - £29.5 million)

Profit for the year £20.8 million (1993 - £16.8 million)

Portfolio valuation £380 million (1993 - £321 million)

Shareholders' funds £319 million (1993 - £258 million)

Earnings per Ordinary share 8.59p (1993 - 7p)

Dividends per Ordinary share 4.2p (1993 - 4p)

☐ Increase in tenant interest with lettings being established

☐ Group's balance sheet exceptionally strong with cash

LONDON MERCHANT SECURITIES DIC

CARLTON HOUSE, 33 ROBERT ADAM STREET, LONDON WIM SAFE

and listed securities totalling £190 million

☐ Net borrowings at 22% of shareholders' funds

☐ Net interest covered 2.6 times by net rental income

Organic growth accounted for about a third of the increase. The core Critchley electrical cable accessories and identification business reported only a modest domestic sales increase, reflecting the discontinuation of some low margin products and the slow down in the implementation of some

large projects in the UK.

However, accessories sales improved from £17.4m to £20.4m, helped by an 11 per cent increase in exports and the Critchley Label Centre acquisition. Divisional profits increased by 6.3 per cent to £2.7m, including a £237,000 con-tribution from Critchley Label Centre.

Net interest receipts fell to £120,000 (£152,000); the group ended the period with net cash share offer for JW Spear

Hasbro, the biggest US toy and games group, yesterday did not rule out raising its bid in the rule our raising its bid in the battle for JW Spear, the British company which owns the rights to the Scrabble board game outside North America. So far Hasbro, which owns Scrabble in the US and Canada, has received no acceptances for its 900p a share bid, launched at the end of last month. Yesterday it extended its offer, which values Spear at £46.9m, to July 11. Mattel, the rival US toy

group which made a last min-ute bid for Spear, yesterday posted its offer document to Spear shareholders, offering £10 a share in cash or loan

Mr Nigel Hutton of Hasbro UK said the group was still considering all its options, and would be looking at both the Spear defence document and the Mattel offer document

The Spear defence document is expected later this week. The board is not expected to find either offer fair and rea-sonable, although the higher

Hasbro, which already owns more than 26 per cent of Spear, launched its bid after trustees of some Spear family trusts had given undertakings to sell a further 24.9 per cent unless a higher offer was received in three working days. The Mattel bid was launched

at five minutes to midnight on the last day. Last week a High Court judge released the trustees from any obligation to sell their shares to Hasbro, who had claimed that Mattel's late offer had not been properly

Acquisitions help lift Filofax

By Caroline Southey

mouths helped Filofax, the USM-quoted personal organiser group, lift pre-tax profits by 48 per cent, from £2.2m to £3.26m, and total sales by 39 per cent. Turnover from continuing

Four acquisitions in the last 12

operations rose from £14.4m to £17.7m while acquisitions contributed £2.37m in the year to March 31. Three acquisitions, including Swedish and German distributors, helped continental European sales rise by 84 per cent to £7m (£3.8m). UK sales increased by 30 per cent to 27m and on a like-for-like basis by 20 per cent to £6.5m. A final dividend of 1p lifts

the total to 1.75p (1.25p), payable from earnings per share of 10.10 (7.70) The group ended the year with net cash of £2.41m

(£3.35m) after investing £4.9m Mr Robin Field, chief executive, said Filofax looked forward to increased growth, particularly in continental Europe, where current sales

represented a "small part of

future potential". He said the

group remained alert to opportunities for further acquisitions. The UK market for ring binder organisers was growing, he said, and the group had increased its market share to

December had enabled the group to increase its sales force in the UK. It also provided scope to develop new product lines, such as the selfstick and carbonless paper products in which Drakes spe-

cialised. Mr Field said the group had moved to secure its own sales and distribution networks in Germany and Sweden following the success of its sales subsidiary in France where turnover had trebled. He said the Filofax and

Drakes brands would be launched in Denmark in the current year.

Towles advises no action on offer

offer an adequate price, he said, and advised shareholder to take no action. He also announced the sale of the Derby Road factory and premises, in Loughborough

elcestershire, for £550,000.

into the red By Caroline Southey Low order books pushed

Johnson & Firth Brown, the epecialist engineering group, into the red at the interim stage, with pre-tax losses of £842,000 to March 31 against profits of £2.07m last time.

Turnover rose from £63.3m to £64.7m while operating profits fell from £2.8m to £177,000. The Firth Rixson Division - which includes alloys and castings - saw profits halve to £749,000 (£1.55m) on turnover up from £38.9m to £44m.
The light engineering division incurred operating losses of £219,000 (profits £1.71m) on

sales down from £24.4m to Mr George Hardie, joint group managing director, said JFB appeared to be "turning the corner after a most difficult

18 months". Although margins remained depressed at Firth Rixson, order levels in the rings and forgings businesses had

Mr Hardie said there were plans to sell companies in the light engineering division as part of the group's efforts to focus on core activities, particularly rings and forgings. He said he did not anticipate

further lay-offs following the 10 per cent cut in the workforce, net of the US acculsition, in the last 12 months. The interim dividend is

passed (1p). Losses per share of 0.9p compared with earnings of

## Redrow and A McAlpine

By Andrew Taylor, Construction Correspondent

combine

A plan to build a £145m housing development south of Northwich, Cheshirs, was announced jointly yesterday by Affred McAlpine, the con-struction group, and Redrow, the housebuilder which came

to the market earlier this year. The companies have combined to acquire 220 acres of land, payment for which is to be phased until 2001. The total cost of the land purchases, including acquiring certain properties and constructing a spine road, is thought to be in the region of £18m.

This would be equivalent to 13 per cent of the expected total value of the development. Planning permission for the development of about 1,800 homes over 10 years has been granted by Vale Royal Borough Council. The development, to be known as Kingsmead, will provide shopping and community facilities and more than 40 acres of open space and a new access road to Northwich town centre.

Construction is planned to start this antumn and will provide a range of homes from social housing to low density executive homes.

Redrow raised £55.4m earlier this year to fund expansion. This formed part of a £117m flotation with Mr Steve Morgan, the founder, raising £62m on his own account. The

Signet chairman's pay jumps 78% to £512,000

By Neil Buckley

Mr James McAdam, executive chairman of Signet, the jewellery group formerly known as Ratners, enjoyed a 78 per cent pay increase to £512,000 last year, according to the annual

His total pay the previous year was £288,000. Signet said

an increase in Mr McAdam'e

basic salary from £240,000 to

£300,000 reflected his taking over the group chief execu-

tive's role from Mr Gerald Ratner, in addition to the chairmanship, in November 1992. It had been reviewed by external

Mr McAdam was also paid a £130,000 bonus, reflecting his success in returning the group to an operating profit for the year to January 29, and in meeting targets for control of borrowings and costs. His pension contributions and other benefits increased from 248,000

Mr Bill Moss, chairman of Towles, the lossmaking cloth ing maker, said there was nothing new in the offer door ment from London City, the Australian investment group which has made a £4.22m cast

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shares, priced then at 185p, closed at 118p yesterday.

**DIVIDENDS ANNOUNCED** 

Mr Bill Moss, chairman of Towles, the lossmaking cloth		Current	Date of	Corres - ponding	Total	Tota
ing maker, said there was	Batch on a	payment	payment	dividend	Acci.	lest you
mothing new in the offer docu- ment from London City, the Australian investment group which has made a £4.22m cash bid for the company. London City would have to	British Steel fin Critchley fin East Micliands fin Electra inv Tat int Electronic Data int Filotax § fin Fletcher King fin	5.5† 15.9 3.55 0.667	Aug 15 Aug 17 Oct 3 Aug 11 Aug 3 Nov 1	1 4.8 13.78 3.45 0.667* 0.75	2 8.1 22.7	1 4.8 19.5 7 1.833
offer an adequate price, he said, and advised shareholders to take no action.  He also announced the sale	Johnson Firth	nii 0.9≄ 0.1 1.8	Oct 1 July 22 July 22 Aug 11	0.5 1 - - 1	1.5	1.35
of the Derby Road factory and l premises, in Loughborough,	Dividends shown pence increased capital. \$USM	er share	net except	where othe	rwise st	atod, 1

been used on redundancies, while the For now the Trans World directors urged shareholders be watched closely for its posremainder is being used to cut debt. one in favour of industrial action, which will begin in two weeks' time unless agreesible influence on the pricing After a year of tense negotiations and of the 3i issue, dne to be to take no action at the repeated threats of strike action, last ment can be reached in the interim, and November the airline's 5,500 workforce will affect all Aer Lingus flights. Electra shares closed up 9p at 306p yesterday, a discount of Hasbro may raise its 900p a Low orders about 19 per cent to the latest push JFB

#### **COMPANY NEWS: UK**

## Chains side behind Renold's advance to £6m

The Contraction

sh turbuler

Charles

the real combination

Renold, the chain and gear manufacturer, more than doubled its dividend after reporting a fivefold increase in

For the year to April 2, pre-tax profits were £6m on sales of £130m, up from a previous £1.2m on sales of £125m. The shares closed yesterday up 41/ap

shares closed yesterday up 4%p at 145%p.

Mr David Cotterill, chief executive, said the group had succeeded in bringing in the profits and generating significant cash with little increase in sales. At least £4m of the increase in sales represented currency gains.

There were modest signs of recovery in Europe, which he hoped would lead to increased volumes this year. "There is some fire in the order book at the moment," he said.

The profits were struck after film of redundancy costs, mainly in Germany, compared with £1.4m last time. They were belped by a turnround in the Milnrow gears business after two years of losses.

group's chief earner, accounting for 60 per cent of sales. Productivity gains and marketing focused on higher margin goods were behind the strong improvement in the UK, said Mr Cotterill.

The fact that most of the profits increase arose in the UK, where tax losses are available, led to a substantially lower tax charge of 18 per cent, compared with 50 per cent last

Capital expenditure was £3.5m, below depreciation of 25m. Mr Cotterill said spending would increase to £5m this year, much of it at Holroyd, which makes rotors used in air conditioning and refrigeration. Holroyd has won a long-term contract with a leading US compressor manufacturer. commencing next January.

Net interest payable fell from £1.9m to £1.4m, and gearing was reduced from 23 per cent

to 2 per cent. Earnings per share were 7.4p (0.9p). A recommended final dividend of 1.8p gives a total for the year of 2.5p, up from 1p.

## **Eldridge Pope expands** estate with Hovetop buy

By Graham Deller

Eldridge Pope, the USM-traded brewer and wine shipper, is expanding its pob estate through the acquisition of Hovetop, which runs 22 houses, mainly in Bristol and along the Thames Valley.

The vendors are Mr Michael Collins, a director of Eldridge Pope, and Mr M Jackson, Initial consideration of £2.6m in cash and sbares will be adjusted either way to between £2.15m and £3.3m depending on Hovetop's performance in the 12 months to end-April 1995. Mr Christopher Pope, chair-

increase the managed estate by more than 20 per cent, enlarge its catchment area and increase the food element. Some 40 per cent of Hovetop's turnover of \$2.8m in the year

to April 2 comprised food sales. He anticipated "significant cost savings" within the Hovetop estate, "particularly in the areas of distribution, administration and central overheads".

Eldridge Pope, best known for its Thomas Hardy and Royal Oak brands, recently announced pre-tax profits of 2606,000 for the half to March

## Growth by successful targeting

Andrew Bolger looks at how Castrol has expanded worldwide

1993 turnover: £1.63bn

to move into profit this year.

Castrol has operations in 50

countries and sells to 100 more.

Some of its greatest successes

have been in developing coun-

tries, where economic growth has fuelled consumption. Last

year Thailand came sixth in

Castol's profits league - one

In Asia, Castrol is targeting what it calls the "have somes"

- consumers with annual

incomes of more than \$18,000

per household. It estimates

there are currently 56m to 50m

in this category, and the figure

could swell to 300m by the end

Castrol says this group has emerged as the real middle

class in Asia and has typical

middle class aspirations - it

wants to buy houses, cars and

consumer durables. Right under this level are the "near

haves", which could be as

Mr Ian Pringle, Castrol's Asia director, says: The have

many as 600m by 2000.

step above the UK.

of the century.

North America

2502.5m

Southern

Burmah Castrol: lubricants division

an Castrol keep it up? The famous brand is \_ the centre of the lubricants business which is mainly responsible for the buoyant performance of Burmah Castrol in recent years.

While the group's chemicals, liquified natural gas, fuels and energy businesses have all suffered during the recent recession, Castrol's profits have maintained a compound annual growth rate of 14 per cent since 1985, except for a flat patch in 1990 caused by the Gulf conflict.

Operating profits from the lubricants side increased last year by 22 per cent, and now contribute two thirds of group profits. This steady growth has helped offset disappointment over Burmah's purchase in 1990 of the metallurgical chemicals businesses of Foseco for

The group has admitted -with hindsight - that it paid too much for a business which had to be shrunk after the foundries it services plunged into recession. In spite of this, Burmah Castrol's shares have outperformed the market by 44 per cent since the beginning of 1992.

Castrol has increased sales at a compound annual rate of almost 6 per cent, although the world inbricants market has been relatively flat over the last 10 years.

The group has a high mar-keting spend, sponsoring rally-ing, Formula 1 racing and the indy Car Series in the US. Television adverts encourage motorists to cosset their engine by paying a bit more for the "liquid engineering" of Castrol's high-margin GTX brand, rather than a standard lubri-

One of its greatest marketing successes has been in the US, where over the last 10 years Castrol has raised its share of the DIY Inbricants markets from 5 per cent to more than 15 per cent - just behind the mar-ket leader, Pennzoil.

Castrol has also spent \$20m (£13m) on launching a synthetic motor oil in the US, tar-

53.4m shares at 3p apiece, representing 63 per cent of the enlarged capital and valuing the Staffordshire-based com-

Eidos cuts annual

Ridos, the USM-quoted devel-

oper of video compression and

decompression software, has

announced that arrangements for its proposed £582,000 1-for-10 rights issue had been

Dealings in the rights nil

paid commenced yesterday.

The announcement coincided

with publication of the compa-

ny's results for the year to end-December 1993, when pre-tax

losses were cut from £190,449

to £76,928 on turnover up from

Net interest payable and similar charges totalled £2,246,

against income of £3,550 last

time. Losses per share worked through at 3.38p (8.66p).

The directors said the net proceeds of £517,000 from the

rights issue would be used first

to repay the company'e out-

standing borrowings of \$42,500

with the balance being used to

fund research and development

£110,200 to £130,872.

loss to £77,000

pany at £2.52m.

more technically advanced end of the American market. In because they buy vehicles. But so too are the 'near haves' because this group are likely to buy a motorcycle as their first spite of selling at nearly four times the price of ordinary

lubricants. Syntec has been well received and is expected Mr Pringle says one of the most striking features of con-Although such products may never gain a large share of the sumer demand in Asia is what he calls leapprogging: the rapid assimilation of technology market, the establishment of which allows people to go from having no telephone to a mobile cellular phone; or from "flagship" products allows Castrol to create gradations in the market of two or three products at intermediate no radio to owning a compact disc hi-fi system.

He also believes that a certain degree of brand lovalty remains with consumers when the "near haves" graduate to

Castrol has operations in 50 countries and sells to 100 more. Some of its greatest successes have been in developing countries

cars. It is because of this that Castrol has made the motorcycle market the nucleus of its entry strategy in Thailand and Vietnam.

Castrol started modestly in Thailand in 1972 in a joint venture with a local distributor, but was inhibited through the seventies and much of the eighties by government price controls. It therefore concentrated on establishing a distribution network, and on building its image among the motorcycling population, despite the profit restrictions. When, during the late eight-tes, the number of motorcycles

in Thailand leapt from 1m to

5m, Castrol was well positioned and now holds the leading share of the motorcycle market. The number of cars doubled between 1980 and 1990, and Castrol has the biggest share in the franchised work-

Operating profit: £155.4m (after charge of £47m for rai research, marketing & other costs)

North America

Southern

£15.8m

Hanging on has also proved a Incrative strategy in India, now Castrol's third most profitable market after the US and Germany. Castrol established a branch office there in 1919 and stayed on even when a wave of nationalisation in the seventies caused all of its main competitors to quit. It kept the Castrol name in front of the Indian public by floating 60 per cent of the subsidiary's equity on the Bombay stock exchange and maintaining management

control When liberalisation came in 1991, Castrol was able to exploit its strong image and distribution network. Volume has grown by 50 per cent in the last two years and Castrol now has nearly 10 per cent of India's lubrication market.

Mr Tim Stevenson, chief executive of Castrol, empha-sises that Castrol is not just about antomotive products, although they do account for 78 per cent of profits. The remainder comes from industrial and marine lubricants. both of which are targeted for further growth.

Mr Stevenson told a recent

meeting of institutions and analysts he was confident that Castrol would "prove wrong the sceptics who for years have been arguing that Castrol is a maturing business, liable to get snuffed out by the oil major dinosaurs".

## Titmuss Sainer Dechert

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## Improving market lifts Imry to £18.3m

By Vanessa Houlder, Property Correspondent

Imry Holdings, the property company that was taken over by Barclays after one of the biggest debt write-downs in corporate history, yesterday announced a return to

It made a pre-tax profit of £18.3m for the 12 months ended March, compared with a loss of £24.5m last time.

Net assets increased by 26 per cent from £71m to £89.3m, while gross property assets rose from £290m to £367m.

Mr Martin Myers, chief executive, said property, while sales totalled £39.6m. The he believed that "Imry is well placed to largest deal – in partnership with GE Captake advantage of a generally improving tal – was the acquisition of 77 properties market, which I expect to continue for the next few years".

Mr Myers said Barclays did not intend to continue to own Imry in the long term, although there were no immediate plans to float the company. "We are not really thinking about it. We are too busy building up the company," he said. Barclay's involvement in Imry stems from 1989 when it financed a leveraged takeover. During the year, imry bought £145m of

for £112m. This was funded by loans from GE Capital, Barclays Bank and Imry Property Holdings. It also bought 13 development properties for 55.9m from General

Following the year end, imry has reached agreement with Sonthampton City Council to develop a 30 acre site in the centre of the city into retail ware-bouses and a 500,000 sq ft retail scheme. No dividend is proposed.

## **NEWS DIGEST**

## **EDP** falls to £2.06m at midway

Electronic Data Processing, the computing services company, reported pre-tax profits down from £2.34m to £2.06m for the half year to March 31. Turn-over fell from £7.35m to £7.18m. The company attributed the fall to continuing pressure on

hardware prices, tough trading conditions and reduced interest income of £251,000 (£300,000). Cash balances at March 31 were £12.6m, and the company is seeking to acquire compatible software busi-

Mr Michael Heller, chairman, said takeover discussions were taking place but were dependent on a more "realistic" attitude to pricing on the part of the vendors.

Earnings per share dipped to 5.12p (6p), but the interim diviis maintained at 0.667p.

#### Brooke Tool in the black at £76,000

An increase in export business helped Brooke Tool Engineering (Holdings), the compo-nents, cutting tools and springs company, to report a turnround from pre-tax losses of £397,000 to profits of £76,000 for the six months to end-

The outcome was achieved

#### £7.71m. of which some 40 per cent was in export sales. There had been little improvement in the home mar-

The interest charge was cut to £166,000 (£257,000) and earnings per share emerged at 0.2p (1.1p losses). There is, however, no interim dividend.

#### **Property side lifts** Fletcher King 34%

Earnings per share came out ahead at 21p (1.6p). A recommended 1p (0.5p) final gives a total 1.5p (1p).

#### Provider of wood to the stars seeks £1.6m

on turnover up from £7,22m to

BANCO DI NAPOLI

US\$ 100,009,000 SUBORDINATED FLOATING RATE DEPOSITARY RECEIPTS DUE 1996

Notice is hereby given that, in accordance with the provisions of the above mentioned Floating Rate Depositary Receipts, the rate of interest for the six months period from June 21, 1994 to December 21, 1994 (183 days) has been fixed at 5.225% per annum.

The interest payable on December 21, 1994 will be US\$ 265.60 in respect of each US\$ 10,000 Note and US\$ 2,656,04 in respect of each US\$ 100,000



and manufacturing company is coming to the market in a placing to raise £1.6m for expansion and to cut debt.

The studio division, which ket, the directors said. also supplies the television and advertising industries, accounts for sales of about film. Total sales in 1993 were 26.88m (£5.33m) for pre-tax losses down from £359,000 to £90,000.

#### Its biggest activity is the pro-vision of timber products to housebuilders. Ellis & Partners is placing

A strengthening property mar-ket helped Fletcher King, the commercial estate agency, to a 34 per cent increase in pre-tax profits and a 50 per cent divi-dend rise for the year ended April 30.

Pre-tax profit rose from £224,000 to £301,000. The improvement came from the property side, with Howard Associates, the building services subsidiary, breaking even. Turnover was static at £4.93m (£4.97m).

The producers of Batman and Robin Hood, Prince of Thieves, among others films, bad no need to worry where they would find wood when they came to the UK. They merely went round to the Pinewood or Sbepperton depots of John Mansfield Group. Now the timber processing

#### Dares Estates on the recovery road

and marketing plans.

Dares Estates, the property investment and development group, reported a pre-tax deficit of £369,000 for the 1993 year, against losses of £22.4m in the previous 12 months.

The accounts, again prepared on a going concern basis.

showed operating profits of £5.1m (losses of £9.21m) from

> against losses of £3.18m. Interest payable amounted to £8.76m (£10.43m). Losses per share were

> turnover of £6.84m (£5.53m).

Profits on the termination of

operations contributed £3.3m,

#### reduced from 66.54p to 0.69p. Greenwich Comm losses little changed

Greenwich Communications the USM-traded group which installs satellite TV receiving equipment in Portugal and is involved in property rental in the UK, reported losses little changed at £24,000 for the six months to February 28, against £23,000 last time

Mr Alfred Stirling, chairman said the Portuguese subsidiary was still feeling the effects of the recession and the delayed launch of the new NEC product range for Europe.

Mr Stirling said the company had achieved a settlement of the outstanding litigation and all claims against the company had been dropped. Losses per share came to

#### Pilot Trust net asset value at 141.60

Pilot Investment Trust, the smaller companies fund, reported a net asset value of 141.6p per ordinary share and 107.89 per C share at the March

31 period end. Net revenue for the period from incorporation on January 14 1993 to the end of March was £498,000. Earnings per share worked through at 1.93p.

The directors declared a second interim dividend of 0.9p along with a recommended final dividend of 0.1p, making a total of 1.50.

The C shares, issued in

November 1993, raised £15.4m

and at the period end some 80 per cent of this had been invested, the directors said. The C shares were converted on May 31 1994 into 11.5m ordinary shares, which will qualify for the second interim and

## Make the most out of working abroad

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FINANCIAL TIMES

The overall trend remained strong in the commodity markets yesterday. Gold continued its rise while leading base met als touched fresh peaks before running into profit-taking. Oil prices rallied after sustaining early falls. The biggest losers were coffee and cocoa, which surrendered come of last week's advances in thin trad-

Gold prices surged upwards in London following the pattern set in New York, where in late trading on Friday the pre-cious metal moved up sharply. According to dealers this US lift-off for gold was caused by a combination of higher grains, oil and base metals prices coinciding with weakness in the US dollar and bond markets.

The gold price reached \$391 a troy ounce at the London morning "fixing", the highest "fix" for three months. But it opened weaker in New York and a wave of fund selling on the New York Commodity Exchange caused uncertainty during the London afternoon "fixing" session. Instead of lasting only a few minutes the session went on for 40 minutes, according to one dealer the longest "fix" since August 1992. However, the volume of trade was not big.

The London price closed at 390.40 an ounce, up \$3.20 from Friday's close. Analysts said there was very strong technical resistance between \$392 and \$395 an ounce and gold break through that level.

Copper reached a 21-month peak of \$2,477 a tonne on the London Metal Exchange in early trading but then soma investment funds decided to take their profits after the metal's recent heady performance and halted the rise. However, the important technical support at \$2,420 a tonne held firm and copper for delivery in

tonne down at \$2,438.50. Aluminium was affected by copper's weakness but dealers said speculative interest was still being attracted to a market whose fundamentals were improving daily. Three-month metal closed yesterday another \$4 a tonne up at \$1,474.50 on

The International Primary Aluminium institute helped to steady the market whan it reported that average daily production in countries outside the former Soviet bloc fell by another 500 tonnes in May to 38,900 tonnes. That was the third successive monthly fall.

The fall has followed the agreement reached between

some of the big aluminium producing countries early this year to cut output so as to reduce the huge stocks that have been depressing prices.

somewhat in early trading before recovering most of their losses. The price of the benchmark Brent blend was \$17.40 a barrel in late London trading. near its \$17.41 closing level last

It fell to \$17.18 at one point in the day, but traders said bullish factors still dominated the market in spite of an apparent easing of tension with North Korea, the main factor behind last week's price

Coffee and cocoa futures fell sharply on profit-taking after last week's gains. But trading volumes were thin, and there were bursts of buying in coffee

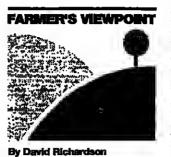
At the London Commodity Exchange, the robusta contract for September delivery ended \$52 lower at \$2,282 a tonne, well below the morning peak of \$2,362 but off the low of \$2,257. LCE Cocoa prices followed coffee's fall. The second position finished down £14 a tonne at £1,022 after trading in a £30

# Bio-technology offers a safer, more secure world

Widespread fears that safeguards already in place are inadequate are probably based on ignorance

B io-technology designed to produce genetically-modified organisms via the manipulation of deoxyribonucleic acid is not just a mouthful – it is beyond the wit of most people to comprehend. Reduce that acid to its initials, DNA, and its meaning becomes slightly more accessible to the average person. DNA is, after all, constantly being quoted as a means of solving violent crime through genetic fingerprinting. And most of us. suppose, are vaguely aware that it has something to do with our bodily make-up and with food and farming.

But multi-syllabic words and scientific jargon are a big turnoff for most people, and as we do not understand them we tend to fear the techniques they describe. They conjure-up images of bespectacled boffins in white coats and dangerouslooking laboratories. I confess to having had some of those same fears until the common. place nature of bio-technology in everyday foods was



explained to me. I am assured, for instance, that it is possible to extract the DNA from an onion using table sait, washing-up liquid, a nor-mal household liquidiser, a coffee filter and very little else. Furthermore, it can be done in any kitchen or, as is already happening, in third-form school chemistry classes. Not all of those people who

defy concern over cholesterol and eat cheese may be aware that the traditional way to promote the initial curdling of of rennet, an enzyme extracted another in the hope that the the most versatile crops in the from a calf's stomach. Bio-technology has now made it possibla to produce an exact copy of chymosin, the necessary enzyme, which is indistinguishable from the original in both make-up and function, and, following approval by the UK government's Advisory Committee on Novel Foods and Processes, it is increasingly being used in cheese-making, much to the delight, I imagine, of the animal welfare lobby. Other foods and drinks

use of living organisms, like yeast - such things as bread and beer - will also soon benefit from improved versions of raw material that are the result of bio-technology. My own particular interest, however, is in the field of plant breeding. In the past - and it has been going on for centuries - the development of improved varieties has been done by the selection of desirable characteristics in individual plants

and crossing them with one

whose production involves the

doors for agriculture. Take oilseed rape, for instance. Genetic manipulation, which will make it one of

result would be favourable.

In recent years, however, it

has become possible to identify

the qualities required from

DNA analysis and achieve

more accuracy in the breeding

process. Plant breeders can

now select far more specifically

than before for such things as

milling quality in wheat; resis-tance to debilitating fungal dis-

ease; tolerance to certain pests;

and the ability to yield well

with lower levels of fertiliser.

be fixed and for the resulting

seed to be multiplied to suffi-cient quantity for it to be made

widely available, this work will

lead to crop varieties that will

require lower inputs of chemi-

cals and fertilisers and there-

fore be more environmentally

friendly. It will also open new

Titimately, for it still

takes many years for

these characteristics to

world, is well advanced. By modifying the gene mix for different purposes, scientists are already confident that the oils produced by the different strains they are developing can become general purpose, environment-friendly, feed stocks for industry.

It could not only be used for

cooking and lubrication, as at present, but also for the manufacture of plastics, polymers, pharmaceuticals, inks, detergents, nylon, cosmetics and probably many more. And, unlike the mainly fossil-based raw materials used for those processes at present, ollseed rape would amount to a renewable resource. Scientists say that bio-tech-

nology will be our only hope as the population of the world doublas during the next 50 years. That to have any chance of putting food into those new mouths and to be able to continue to enjoy the conve-niences of modern life, it is vital that the developments

the creation, for the first time

in its 23 years, of a group

steering committee chaired by

the bank. It also announced that it would consult the World

Trade Organisation about the

intallectual property provi-

Tariffs and Trade and the dis-

position of the group's germ-

The NGOs see this as almed

sions in General Agreeme

they can foresee continue to be introduced.

But 20th century successors to the Luddites see dangers. Their fears, as mine were, are probably based on ignorance. They are not satisfied that the mass of safeguards already in place will protect them from some horror being released into the environment - fears which I have been persuaded are groundless.

The government's response is to organise a Consensus Conference of interested but uninvolved people to assess the evidence during the coming autumn and come to conclusions in November.

It is a welcome and appropriate step, which I for one hope will promote a public debate in which some of the mystique and misundarstanding about bio-technology will be dis-

Given proper regulation and controls, the new technology is likely to produce a safer, more secure and more environmentfriendly world.

## World Bank accused of attempting raid on gene reserves

Geoff Tansey on a row over control of germplasm, a vital resource for the world's plant breeders Along with this cash came

ome 40 major environmental and development NGOs (non-governmental organisations) have accused the World Bank of ettempting a coup to take over control of the 500,000 crop samples held in gene banks in the various international agricultural search centres, such as the International Rice Research Institute in the Philippines and the Mexico-based International Research Centre for Wheat and Maize, which developed the green revolution varieties of rice and wheat.

The row over who controls this germplasm - a vital resource for future plant breeding and a major asset gathered from the poor farmers and countries of the world - looks set to dominate an international meeting on biological diversity that began in Nairobi

The NGOs want the second session of the Intergovernmen-tal Committee of the Convention on Biological Diversity to ensure that control over these

Conference on Environment and Development negotiations between the UN Food and Agriculture Organisation's

Group on International Agri-

cultural Research in New Delhi

at the end of May after post-UN

The row looks set to dominate an international meeting on biological diversity that began in Nairobi yesterday.

germplasm collections stays with an intergovernmental body run on a one nation one vote system and that recognises farmers' rights. Agreement on such a body was expected to be endorsed at

Resources and the individual research centres. However, this was rejected at

Commission on Plant Genetic

the consultative group meeting, at which the bank sought to strengthen its "leadership" a meeting of the Consultative of the international agricul-

1385 1332 1,038 1,112 1424 1365 41,736 5,217 1463 1405 11,741 979 1489 1453 8,027 114 1510 1484 2,941 1

129.85 -4.85 132.70 128.70 6,994 3,050 131.85 -3.35 133.20 129.25 28,058 7,963 129.55 -3.35 131.50 128.00 12,756 1,265 128.25 -1.86 129.25 125.25 7,946 317 127.50 -1.75 128.00 128.75 1,108 125

The research centres are funded by the consultative group - an informal group of ionors mainly from the industrialised countries and international agencies, which is chaired by the bank - and faces the worst funding crisis in its 23-year history. Funding

fell by 7 per cent (\$18m) last

year and another 6 per cent fall

is projected for this year.

tural research system.

As part of its support to the group, the Bank announced in New Delhi that it would forgive existing debts, increase its normal grant to \$40m and offer to match new funds from other donors up to a total of \$60m. It also announced the creation of a new \$2.5bn fund over five years for lending to national

at preventing intergovernmen-tal control of the germplasm, which will become increasingly important once countries begin charging for collecting crops within their borders. If they set high prices then searching out materials from the existing collections will become more agricultural research linked to

important for users. At present, the legal status of the research centres' collec-

tions is not clear. Countries where they are based, such as the Philippines, which hosts IRRI for example, might be tempted to exert national control over the collections if they feel that developing countries will be kept out of policy-making over the use of these collections, according to René Vellvé of Grain (Genetic Resources Action International).

In a statement on plant genetic resources to the Nairobi meeting. Ismail Serageldin, Chairman of the consultative group and a vice president of the World Bank, confirms that the research centres "should not seek to benefit financially from the commercialisation of germplasm, but when opportunities occur".

## COMMODITIES PRICES

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PRECIOUS METALS

390.70-391.20 393,20-393,60 958.80 373.45 9 months

Precious Metals continued GOLD COMEX (100 Troy oz.; \$/troy oz.)

-2.8 395.4 390.5 81,287 51,113 -2.8 395.5 390.5 81,287 51,113 -2.8 401.3 396.7 55,199 2,490 -2.8 404.8 401.0 6,314 89 PLATINUM NYMEX (50 Troy OZ; \$/troy OZ) 406.6 -4.6 413.0 405.1 11,019 3,689 408.4 -4.6 416.0 406.0 10,829 2,392 411.8 -4.5 416.5 416.5 1,210 12 413.7 -4.5 418.0 410.0 1,167 10 24,233 6,113 PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.) SILVER COMEX (100 Troy oz.; Cents/troy oz.)

**ENERGY** CRUDE OIL NYMEX (42,000 US galls. \$/barrell) 20.35 27.018 30.37 19.45 92,034 68,160 18.97 58,225 25,655 18.70 30,468 7,151 18.55 24,128 8,540 17.45 +0.04 17.45 17.18 73.900

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165.75 +2.50 165.00 164.25 8.233

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III UNLEADED GASOLINE 

GRAINS AND OIL SEEDS ■ WHEAT LCE (2 per tonne)

-0.65 102.15 102.15 -0.30 103.00 102.45 -0.25 105.00 104.10 -0.25 105.25 105.75 -0.25 107.85 107.75

■ WHEAT CBT (6,000bu min; cents/60tb bushe()

MAKZE CBT (5,000 bu min; cents/56% bushel)

98.50 +0.35 100.10 -0.15 100.50 100.10 101.75 +0.25 102.00

SOYABEAN OIL CST (80,000lbs: cents/b)

SOYABEAN MEAL CET (100 tons; \$/ton)

151.8 140.0 107.8

1311

Tea
There was very strong demand, particularly for brightest East Africans, which often geined 10 to 15 pence, reports the Tea Brokers' Association. Medium and plainer Africans were also well supported at generally dearer rates. Arighter Ceylon bopt's also advanced with other descriptions firm. There was improved demand for coloury Ceylon bopt's, which other gained several pence, but bop's and thin, green types met limited interest and were maily easier where sold. The few Africans on offer were dearer. Quotations: best available 260p/ kg, good 170p/kg, good medium 142p/kg, medium 122p/kg, low medium 185p/kg. The highest price reelised this week was 325p/kg for a Rwanda pd.

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BARLEY LCE (£ per tonne)

322/0 -13/2 333/0 321/2 95,040 30,115 327/2 -14/6 339/4 327/0 66,615 9,630 339/4 -14/8 351/0 339/0 121,035 27,225 342/0 -14/4 352/4 342/0 17,125 2,650 333/0 -15/0 -36/5 5 320/0 -10/0 339/4 320/0 1,545 5

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851/0 -30/0 692/4 651/6191,600 91,830 678/2 -30/0 691/0 678/2103,580 31,515 670/4 -30/0 652/4 670/4 51,080 7,655 665/0 -30/0 678/0 665/0 30,555 8,120

339 25 25

■ COCOA CSCE (10 tonnes; \$/tonnes)

■ COCOA (ICCO) (SDR's/tonne

COFFEE (ICO) (US cents/pound)

M No7 PREMIUM RAW SUGAR LCE (cents/lbs)

12.68 -0.12 12.55 12.66 12.40 -0.30 - -11.82 - - -11.98 -0.25 · ·

\$48.20 4.30 \$53.80 \$47.00 \$11,700 \$24.70 -7.30 \$31.40 \$22.90 \$3.81 \$18.00 -0.00 \$18.00 \$18.95 \$47 \$15.20 -7.40 \$22.50 \$13.90 \$2.55 \$314.00 -7.30 \$17.20 \$17.20 \$21 \$14.10 -0.00 \$17.20 \$18.20 \$26 \$18.20 \$18.

AR '11' CSCE (112,000lbs; cents/lbs)

12.06 -0.30 12.34 12.01 25.833 3.241 12.07 -0.35 12.35 12.02 74.759 8,794 11.75 -0.31 11.00 11.72 28,718 1.825 11.71 -0.31 11.07 11.70 4,240 424

77.80 -2.00 78.90 77.98 7,090 2,900 78.38 -1.34 77.60 75.72 7,294 1,807 75.13 -1.44 78.45 74.60 30,843 4,850 78.12 -1.43 77.30 78.89 3,830 343

IGE JUICE NYCE (16,000fbs; cents/fbs)

89.90 +0.40 91.50 88.75 92.55 +0.30 94.50 91.50 94.50 -0.25 26.60 94.00

101.25 +0.30 101.25 100.00

12.35 12.02 74,759 8,794 11.00 11.72 28,718 1,825 11.87 11.70 4,240 424

2,033

2,080 3,201 1,298 53

7,550 877 9,794 1,432

23,985 2,881

11.70 11.70 1,852 11.70 11.76 809

COFFEE LCE (\$/tonne

	Sett	Day's	High	Low	Open	Vel
			_			
Just				64,800	3,372	82
lag				63,300	32,051	3,775
Oct				67.150		2,49
Dec				68,500		1,113
feb			70,700			855
Apr	70.975	-0.250	71,900	70.500	3,454	318
Total					74,27	9,414
TtA	E HOGS	CME (	40,000	be; cent	n/lbs)	
Joq	48.825	-0.290	49.025	48,400	967	322
loi.	48.475	-0.450	49.100	48.060	7,383	2,440
W	47.525	-0.675	48,700	47.125	8,779	1,491
let	44,450	-0.275	45,000	44.100	4,257	422
Dec	44.675	-0.025	44,850	44,250	3,275	182
60	44.275	-0.100	44.500	44.125	013	117
otal					28,237	5,030
PO	RK BELL	JES CI	ME (40,	000fbs;	cents/it	13)
hal .	43,475	-0.475	44.400	43.150	3,610	1,165
وننا	43,350	-0.375	44.200	43,000	3,945	894
et.	48.275	-0.276	48,000	46.200	491	64
lar.	47.100	+0.100	47.100		37	4
Eay .			50.450		32	1
lai .	50.700	-0.200	50,700	50.000	12	2
etal					8,129	2,144

LONDON TRADED OPTIONS

Aug	Nov	Aug	Nov
-	91	_	53
			64
			77
-	~	-	•
		_	
Aug	Nov	Aug	Nov
87	115	56	100
62	93	79	135
43	74	109	165
Jul	Sep	Jul	Sep
229	267	147	209
203	244	171	236
180			267
Jul	Sep	Jul	Sep
77	112	30	47
			87
			83
_	Seb		Sep
	-		46
	86	37	62
49			91
	62 43 Jul 228 203 180 Jul 77 63 40 Aug 105 01	51 91 39 78 28 66 87 115 62 93 43 74 562 92 203 244 1180 259 130 259 140 73 Aug Sep 105 - 01 88	51 91 36 39 78 48 28 66 93 28 66 93 87 115 66 62 93 79 43 74 109 30 207 147 203 244 171 180 225 198 30 8ep Jul 77 112 30 63 97 41 40 73 88 Aug Sep Aug 105 - 28 01 88 37

LONDON SPOT MARKETS E CRUDE OIL FOR (per barrel/Aug) \$16.16-6.25q Brent Blend (dated Brent Blend (Aug) W.T.L (1pm est) +0.22 +0.21 +0.14 \$17,37-7,39 ■ OIL PRODUCTS NWE prompt delivery CIF (forms)

Patroleum Arpus Estimate Gold (per troy oz) \$
Silver (per troy oz) \$
Platinum (per troy oz.)
Palladium (per troy oz.) Copper (US prod.) Lend (US prod.) Tin (Kusia Lumpur) Tin (New York) Zinc (US Prime W.) Cattle (live weight)† Sheep (live weight)† Pigs (live weight)

**VOLUME DATA** Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CET, NYCE, CME, CSCE and IPE Crude Oil are one

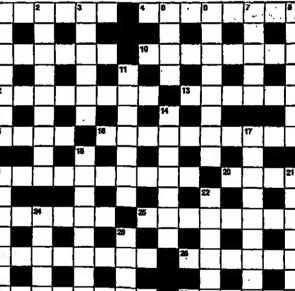
**INDICES** REUTERS (Base: 18/9/31=100 Am 17 month ago year ago 2029.4 1971.6 1674.3 ■ CRB Futures (Base: 4/9/58=100)

the consultative group.

Gas Of \$158-159 Heavy Fuel Oil Nephthe Jet Fuel \$78-80 -4.00 +2.50 +0.35 \$138.75

118.0c +20 -1.11 +0.07 -2.00 35.75¢ 14,44m 258.50¢ -3.17\* -7.90\* -1.73\* 80,720 Lon. day sugar fraw Lon. day sugar (wta Tata & Lyle export +3.30 \$312,70 -0.60 €316.00 -1.00 2105.5t \$143.0 2180.0 Wheat IUS Dark North Rubber (Juli)\* Rubber (Augi)\* Rubber(KL RSS No1 Juli) 77.25a -1.00 Coconut Oil (Phil)§ Pain Oil (Maley.)§ Copra (Phil)§ Soyabeans (US) Cotion Outlook A Index \$537.5q \$406.0 +27.5

**CROSSWORD** No.8,485 Set by ALAUN



ACROSS
1 Girl with whom I am returning home (6) 4 To order Italian vermouth would be to court trouble

Going back with a gun to appropriate all the money (6) 10 Shoo off the mule wandering about in the vineyard (8) 12 Number took the route mis. guidedly through the marsh 13 Having a skill that a gauche

drink? (5.5)
19 Getting leave when through with the job (10) 20 Don't remain unmoved by the 18 Matchwood held to be really commotion (4)

commotion (4)
Taking less care with the breakfast food (6)
Suggestive of the state handTaking less care with the breakfast food (7)

19 Read through and turned to account (7)
21 Didn't keep the appointment out there's a split about (8)
27 A fat sailor is boarding when

Some, caught in the act, took 26 Recovering ourselves by a 30 Asked humbly for breakfast

does (6) 5 A drink you'd rather not have in the garden (4) 8 Back up (4.4)
7 The proportion that didn't get the full allowance (5)
8 Animals allowed to be sent up 13 Having a skill that a gauche person never could? (6)
15 Scarecrows are meant to frighten it - and dol (4)
16 A bracing shower and a 14 Spotted many going inside in a satellite (7)

DOWN Being custom-built bring it about (4,3)

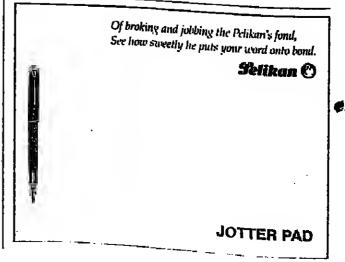
with a guide (7)
Tying the thing to a tree, clumsily (9)

you embark (5,3)

28 The mother, I interposed, is more friendly (6)

24 The heavy walk that is a characteristic feature (5)

Solution to Saturday'e prize puzzle on Saturday July 2. Solution to yesterday's prize puzzle on Monday July 4.



profits

boost for

Will (1911) 13 (38)

4-1-25-14

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Test down to the Tri

IFT-SE Actuaries All-Share 2 Irritebility I'm going to 3 Wrings from, as a divorcee

first class (44)
19 Read through and turned to

## LONDON STOCK EXCHANGE

MARKET REPORT

## Heavy setback on renewed inflation concerns

By Terry Byland, UK Stock Market Editor

A sudden wave of inflation concerns, reflected in sethacks in bond markets across Europe, hit UK stocks hard yesterday. At midsession the equity market was heading for its worst one-day fall of the year, but losses were significantly reduced when UK government bonds steadied, helped by similar trends in the US dollar and Federal

securities. The FT-SE 100 Index closed 51.8 off at 2,971.1, but had earlier shown a fall of 85.3 for a session's low of 2,937.6. Renewed fears that inflation pressures in the US will herald a general raising of global interest rates left no sector of the stock market unscathed on the first day of the new equity trading account.

However, trading volume was rel-atively mild and there was no question of panic selling. London fared better than the German stock market, where the prospect of a switch to upward pressures on interest rates came as more of a shock. Weakness in the US dollar was a

bearish factor for the multi-national stocks, and Unilever, ICI, Hanson; HSBC and many other hig names suffered significant losses. Even the oil shares sector, which at first responded strongly as US crude off prices moved above \$20 a barrel, reacted later as the US stock market continued to come under pressure. The Dow Jones Industrial Average was 30 points off when the UK markets closed for the day.

As so often in current market. conditions, much of the downward

pressure was exerted from stock

				_
	Acco	mat Dealing	Dalley	
- 3	First Dealings: July 8	Jun 20		
*	Option Dockmito Jun 18	. Jun 06	. · Jul 14	
7	Jun 17	Juli 1	Jul 15	
	Account Days Jun 27	, Jul 11	Jaj 25	
٠.	Now then deal	inga usay take	place from I	÷

ber contract on the Footsie, which took over market leadership on Friday, drove the contract to a discount as marketmaking firms strug-gled to protect themselves against a collapsing stock market. The FLSE Mid 250 index closed 48.4 down at 8.478.7 but, with the focus atrongly on blue chip stocks, trading in non-Footsia issues made

up only about 48 per cent of total

index fatures. Selling of the Septem-

business in equities. Seaq volume totalled only 460.1m shares, compared with 736.8m on Friday, when retail business was worth £1.46bm. Traders warned that the low level of turnover in the market yesterday should not be taken as cause for, comfort. There was no time to sell much stock," commented one head dealer, "but the selling was done in the futures markets."

At last night's close, the FT-SE, 100 index was just over 30 points above the year's low reached at the

team raised its 1994 average oil

price ferecast by a dollar to \$17

make a short-term switch from

Shell Transport into BP because of the respective bene-

fits to earnings. The Japanese house said RP's 1995 earnings will improve by 18.4 per cent because of the rise in oil prices

but Shelf's profits will only rise

The dividend race between the regional electricity compa-

buy back up to 10 per cent of its issued share capital. The mast Midland perfor-

mance was described as med-

erately good by analysts; although the shares slid back

with the weak utilities sector,

closing 9 down at 568p. Man-

web, which reports today, rose

by half as much.

a barrel and advised clien

London stocks clearly remained vulnerable to the next move in bonds, and suggestions of decompling suddenly sounded even less convincing. Moreover, it was clear that securities markets are now highly nervous of the gains in commodity prices, which are likely to continue as the recoveries in world industrial

economies gather pace.

Domestic factors, including the announcement that new mortgage commitments by UK building societies had edged higher to 23.39bn in May, were largely ignored yester-Below the year's low of 2,931.9 is day, were largely ignored yester-day, markets also appeared unper-turbed by prospects for Britain's in the hearest support level not non-EU trade deficit for May which visible much above Footsie is due for publication this morning. 2300. For the near term, there is little EK market strategists found it doubt that trends in the UK stock market are at the mercy of the US day's raily from the session's lows.



<b>网络华克卢</b>	94	T.	<b>的数据数计划是</b>		
ey Indicator:					
es and ratios				1	
100	2971.1	-51:8	FT Ordinary index	2316.1	-56.
Mid 250	3478.7	-48.4	FT-SE-A Non Fins p/a	19.01	(19.3
-A 350	1498,4	,-24.9	FT-SE 700 Fut Jun	2973.0	-40.
A All-Share	1491.12	-23.89	15 yr Gift yield	8.99	(8.75
A All-Share yield	3.95	(3.89)	Long gitt/equity yld rati	cc. 2.25	(2.2

Best performing sec 1 Oil Exploration & Prod. rst performing so +0.2 Building & Coost ... -0.2 4 Distributors 2017 Transport ..

## **Profits** boost for Steel

The spotlight fell on British Steel as analysts hastened to upgrade profits and dividend expectations after the group returned to profit with figures at the top end of market

expectations. The shares responded by rising 5% to 189p and it was the day's best performing stock among FT-SE 100 constituents as 11m shares were traded.

The sharp setback in European bond markets on renewed

fears on US Inflation hit the

FT-8E 100 FT-8E Mid 250 FT-8E Mid 250 ex Irw Trusts FT-8E-A 300

FT-SE SmallCap FT-SE SmallCap ex low Trusts FT-SE-A ALL-SHARE

16 Of Exploration & Prod(11)

24 Diversime trouversimal of 25 Electronic & Elect Equip(4) 26 Engineering(71) 27 Engineering, Vehicles(12) 28 Printing, Paper & Polog(8) 28 Teatiles & Apperei(20)

30 CONSUMER GOODSIPE

37 Phermsceuti 38 Tobacco(1)

42 Luisure & Hotele(24) 43 Medin(39) 44 Retailers, Food(17) 45 Retailers, General(45)

60 UTILITIES(36)

68 Water(13)

77 Other Finance 79 Property(41)

00 NON-FINANCIALS(636 70 FINANCIALS(104) 71 Benks(10) 73 kssurence(17)

80 INVESTMENT TRUSTRUZE 90 FT-BE-A ALL-SHAREISEZ

> 1072.2 1086.0 2819.5 2817.6 1682.3 1658.8 2808.8 2805.0

20 GEN MANUFACTURERS(263) 21 Building & Construction(32)

E FT-SE Actuaries All-Share

Profits for the year to April 1994 came in at £80m, against a loss of £149m in the previous year, but it was the 50 per cent increase in the final dividend making a year's total of 2p.

which brought most surprise. Analysts were pleased by the positive tone of the results meeting and said the new legal challenge to the European Commission asking it to adhere more strictly to its Steel Aid code was a sign of the renewed confidence at the

The upgrading of current year expectations moved the range from a previous £199m to £800m, to £270m to £825m, while that of the dividend

heavily, writes Joel Kibero.

market leader, the September

-1.4 2062.43 2077.74 2077.57 2253.90 3.53 -0.9 3847.86 5833.57 3015.39 3097.30 3.48: -1.6 2634.40 2638.35 2628.83 2182.40 3.55 +0.2 1950.16 1884.00 1885.07 1970.30 3.44

EQUITY FUTURES AND OPTIONS TRADING

derivatives sector, sending stock index futures failing opened at 2,985, and area.

IN FT-SE 100 INDEX FUTURES (LIFFE) 225 per full index points of the control of the control open in the

2045.96

1953.52

1155.45

1789.92 2247.47 2748.90 1722.95

2153.12

1916.22

2147.72

1655.49

1609.99

2985.1 2988.1 3491.7 3482.3 1505.1 1506.8

Open 9.00 10.00 11.00 12.00 \$8.00

11:00

12.00

III FT-SE MID 200 INDEX PUTURES (LIFFE) 216 per ful index point

III FT-SE MID 200 INDEX PUTURES (OMLO) 210 per full Index point

moved from previous expectations of 8p to a new range of 4p to 5.5p.

**GKN** bought

Engineering group GEN, which yesterday returned to the premier list of FT-SE 100 companies, was among a handcompanies, was among a hand, ful of stocks that bucket the poor market trend. The shares gained 7% at 894p in trade of 1.4m, with a large part of the day, sluying said to have come from index funds.

Sentiment was further boosted by reports of a positive note from Kleinwort Benson share holding. However, some of the glow surrounding Brit prestige holding for the countries.

brief rise to 2,989 in the first

fewerninutes of the session,

the direction was downwards

for most of the day. The prospect of higher interest rates to counter US initiation toggered a self-off in

bond markets which in turn.

Independent, or local, traders

downward movement, with

to have been unwilling to take

part in market activity for a

were said to have led the

ish Steel. The two jointly own try and very unlikely to be offloaded at a time of political

steel company United Engineering Steels
Higher oil patent and a broker's upgrade failed to stop
British Petrolenia shiding 7/2 British Petroleum sliding 7/2 to 404p, with around in shares traded. The market was believed to be firstling over the futine of the hear 10 per cent stake held by the Knivati investment Office (KIO). With the shares ending just week at an all-time high, there was a strong argument that the Emirate's international investment arm might want to take profits from its 540m.

## TRADING VOLUME

IRADIN	O ROLO	IVI
I Major St	ocks Yest	ordev
-	Vol. Clor	ring - Day's
ABDA Groupt		oe change
Abbey Nellocal†	1,300. 41	5 -13
Allock-Lathout .	1,800 . 60	F24
Anglian Water Argon	1,800 56 1232 46 229 381 72,600 24	2 15-642
Argelt Group† Arjo Wigginst Asson, Est. Fonds†	2,900 - 24 -3(100 - 26	
ACCOUNT FOR COURSE	. 159 23	2
BAAT LAZZ	1,100 91 4,900 ± 40	1 6
BICC ##	2 100 2 179	4 4 - 4 4
BOCT	362 71 880 (40	2 71
BPT Inda	4820 22	56
	10,000 36 2,300 24	3
Bank of Spotland	8.200-2-1.35	6 . 6
Beetleys F.	1,200 18 4,400 54	6 -15%
Blue Cholin	1,100 20 206 30	9 2 2
Boots -	981 . 51	
Bottle Agroupace	146991 1546 16800 1-146	1 £59
British Already	7,800 261	2 -4
British Land	546 37	8
Buildy Steel	11,000 13	

part in market activity for a large part of the day.

This low was reached at 1.30pm when September fell and to 2.937.6 showing a 12-point discount to cash. The steedying in bonds brought a sharp raily to the contract but reserved selling at the closecurated a further, saw advance. The contract show advance The contract show a change at 2.9973 at beinty with the cash market. In heavy volume of 20,768 lots.

turnover of 43,379 lots to the traded options. Some 26,001 were dealt in the FT-SE 100 was the busiest stock option with a total of 1,239 contracts.

4.43 28.31 5.50 23.66 4.57 27.20 1.27 80.00†

-1,4 2594,0 2598.53222.69 2182.40 3.55 4.57 27.20 40.45 1051.91 Logic lands and selected and sel

-13 199.57 199.57 199.57 199.50 4.55 8.55 34.62 31.23, 816.05 -1.5 2121.50 2149.50 1777.50 4.21 192.1 6.54 30.07 180.33 -1.5 197.50 1778.55 180.25 2021.40 18.55 180.25 2021.40 18.55 180.25 2021.40 18.55 180.25 2021.40 18.55 180.25 2021.40 18.55 180.25 2021.40 18.55 180.25 2021.40 18.55 180.25 2021.40 18.55 180.25 2021.40 180.25 2021.40 18.55 180.25 2021.40 180.25

16.10 31.30 1033.00 30.10 28.22 1040.31

1609.99 -1.5.1995.07.1993.97.1993.97.1992.97.1.507.4.3.55.18.03.22.22.
2114.03 -1.4.2144.46.2447.46.2186.20.20.2.00. 4.00. 4.00. 4.00. 3.0

2970.1 2940.0 2940.2 2940.6 2960.7 3470.1 3490.5 3470.3 3472.5 3400.0 3471.7 3490.0 1400.6 1400.5 1400.3 1400.1 1400.1 1400.2

1086.1 1086.5 1081.3 1081.3 1080.1 1082.0 1082.7 1080.5 1082.1 2806.1 2778.8 2781.5 2786.2 2784.3 2781.5 2782.7 2783.1 2803.1 1661.0 1865.8 1865.1 1845.0 1841.9 1845.9 1855.7 2803.1 1841.9 1845.9 18

#### NEW HIGHS AND uncertainty. Meanwhile, Nomura's oils LOWS FOR 1994

Miner Pijands (20).

BLDA SÄCTLE Ä ARCHTE (1)-Hallmand (2).
Distributions (3) Norbals, Chiefman (20).
BNDLS (3) Apochquas, MLECTINGC & SLEET BOLD (1) Plasmoe, BICTRACTING BNDS (2).
BNDLS TIGHT (1) Q Spiner Zame Pri, LIPE, ADDURANCE (1) MEDIA (3) More Radio (3), EUPLOPACTION & PRIOD (3) Bridge (3).
OTHER SERVES & BURNE (1) FEDURAL ENG.
GSBESAL (1) STREET, BND (2) FEDURAL ENG.
GSBESAL (1) STREET, BND (2) FEDURAL ENG.

(1) himpower inc., TEXCHLER & APPAREL (B) Doubles, Williams, Abstragants (I) BOUTH APRICAMS (I) NEW LOWS (448). AFRICANS (1) OLIS (49 OTHER POUR HUMBET (5) BANGS AN INSMITTEN (4) BLOG MATLE & MCHIS (18) CHEMICALE (6) AGA AB, UTP, Nething Note

The dividend race between the regional electricity companies (eacs) continued apace, with East Midlands producing a healthy 16.4 per cent increase, although profits slumped after a hefty sizeptional charge. The pre-tax figure of 251 2m was at the hot tom. Sent and the producing the expectations and followed a superior of 251 2m was at the hot tom, size of the large value against restricturing costs. The company also amounteed plans to seek anarcholder approval to the large of the large value approval to the large of the large value against the product of the large value approval to t PACKO (5) Commid Mataboli, Cost, Poly ; Linear Mardon, Post, FPC, BCA, Sonic, Sign PROPERTY, (50) RETAILERS, POOD (6) ... PRYALERS, QUARTIAL (11) SPETTS, WHEE

\*\*\* The Control of the Control of the Control of Contro Thursda, Wildle York, Materiorita, Yo. 3 to 679p: Analysis are looking for profits of around £130m and a fixel dividend of 22.5p. Among water stocks, Wesser optimistic analysts pencilling in 24.5p, against last year's 21.5p. Profits should come in at

Glaro fell 15% to 563%p following sharp rises recently. There ing sharp rises recently. There was some nervotainess over a statement that the company was considering legal action against plans by Novopharm, the Canadian pharmaceutical group, to market a gimeric version of its best selling ulcer treatment drug. Zantac in the US.

Pharmaceuticals

TSB Group held steady at 225p ingresponse to a reiterated recommendation from SGST and shead of half-year figures on Thursday. The market is expecting a profit of around \$215m up from £80m previously because of a sharp fall in bad debt provisions. Traders said there was also talk that said there was also talk that Nomura was recommending

the stock. the stock.

Risewhere, former building society Abbey National was pulled back in early trading after cautious weekend press comment on the recovery in the housing market. But the shares recovered from a low of 405p to close 7% off at 415p.
In the oil sector, the possibility, of a successful bid for ity of a successful bid for Laimo by Enterprise continued to recede in spite of a shaky tumour earlier in the day that S.G. Warburg had been asked to buy 10 per cent of Lasmo's shares. By the close Enterprise had firmed a half to 4150 while Lasmo added a

penny at 150p.
Thorn 3341 was the subject is unficipating a bumper divi. The sector weak important cases, this week. Joel Kibero, the sector weak important cases, this week. Joel Kibero, the sector weak important cases, this week. Joel Kibero, the sector weak important cases, this week. Joel Kibero, the sector weak important cases, this week. Joel Kibero, the sector weak important cases is due to the sector weak important cases in the sector weak important cases is due to the sector weak important cases in the sector weak i

be decided in the next few days, with Thorn supporters hopeful of a positive outcome for Sony and in their view the record industry as a whole. Later in the week, the Monopolies and Mergers Commission's report into compact disc prices is also expected, with leaks from official sources hinting that the record companies will escape censure over pricing. Thorn shares slumped with the market, but later rallied to

close 20% down at 1089p. Speculative buying buoyed up Shoprite Group, the dis-count supermarket operator, the shares gaining 6 to 65p. Channel tunnel operator Eurotunnel remained under a cloud as talk that a large part of the £858m rights issue may be left with the underwriters continued. The shares relin-quished another 5 to 288p. The

rights issue price is 2650. There were selective gains among building and construction groups following the hefty setbacks suffered last week on the back of interest rate rise fears. Among housebuilders and developers, Taylor Wood-row advanced 3 to 125p, AMEC 9 to 1130, Barratt Develop-ments 5 to 1980 and Beazer

Homes steady at 147p. USM-quoted Border Televirsion rose 15 to 184p after a recommendation in the weekend press.

MARKET REPORTERS:

## LONDON FOITIES

500 226 500 318		LONDON	EQUITIES
331 495	LIFFE EQUITY O	PTIONS	RISES AND FALLS
597 (86 <sup>2</sup> ) 597 (86 <sup>2</sup> ) 692 (888 307 (688	A 14	Puls — Calls — Puls —	British Flands
1,300 415	2 3 Option 3d Oct Jan 3d		Other Flood Interest
1,300 283 2,400 166 556 4136	1504 ) 588 81/241/2 — 31	41 - ("242) 260 4 8 11% 20% 25 28% 13 17 Lawing 134 18 24 - 3% 7 -	General Menufacturers Consumer Goods Services
906 226 805 555	41 ASDA - 50 7 814 10 1914	2435 06 (*148) 154 7-13 - 1116 1516 -	Utilities
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**Trust Funds** 

#### **MARKETS REPORT**

## **Dollar slides**

The dollar struggled to keep off its lowest lavel against the D-Mark in eight months yesterday after negative market sentiment forced it through technical and psychological barriers, writes Motoko Rich.

The markets held a grudge against the dollar after its downward performance on Friday when an independent think tank in New York said the US currency could drop by 10 per cent against the D-Mark within the next 18 months. Traders flirted with the dollar's lows against both the D-Mark and the yen, and awaited concerted central bank intervention, which was not

forthcoming.
In London the dollar closed at DM1.5986 against the D-Mark from DM1.6299, and at Y101.970 from Y103.495. Meanwhile the D-Mark was

Jan 20

talk the dollar higher."

balance. Analysts expect that if

the figures are bad, traders will continue to sell off dollars.

"The US trade figures will take on an importance not jus-

tified by itself," said Ms Alison

Cottrell, senior international

economist at Midland Global

Markets. "The markets are nervous and thin and the trade

■ While the market has been

shunning the dollar, the

D-Mark has come into favour.

"The market is re-rating pros-

pects for the D-Mark," said Mr

Neil MacKinnon, economist at Citibank. "We have seen many

indications that the German economy has turned the cor-

He said the markets have

sensed German interest rates

have bottomed out and are

forecasting the next rate move

A blood bath in European

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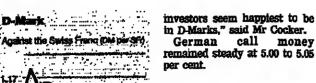
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gaining strength on a fall-out in the European bond and equity markets and optimism that Germany's economy is in recovery.

■ The US currency extended its Friday losses against the D-Mark as bearish traders ratand pushed the dollar through new technical support levels. The dollar also slid against the yen on the back of its downturn against the D-Mark.

"There was no news to trig-ger the dollar's fall," said Mr David Cocker, economist at Chemical Bank. "When you have a large fall like last Friday, you would expect to see some profit taking, and that is exactly what happened. It rallied a little bit, but not much, so the traders sold it again."

By the close of European trading there had not been concerted central bank intervention to support the dollar. Ear-lier in the day, Bundesbank president Mr Hans Tietmeyer



1.5345 1.5337 1.5342 1.5260

■ The dollar's weakness also benefited the Swiss franc which closed higher against the US currency. The dollar fell through the Sfr1.3500 level. its lowest since October 1992. Against the Swiss franc, the dollar closed at SFr1.3488/3498 from 1.3740/50.

Swiss franc/D-Mark cross trading was thin, and the franc ended the day weaker against the D-Mark. The D-Mark closed at SFr0.843, from SFr0.841 on Friday.

■ Sterling was unable to break away from its link to the dollar and was quoted below the cru-cial level of DM2.46 at some points during the day. Attention today will be turned toward the US trade

"The pound has weakened steadily against the D-Mark because people are buying D-Marks against the dollar rather than sterling against the D-Mark," said Ms Cottrell. UK statistics on M4 money

supply and lending, as well as building society net new mortgage commitments, had little effect on the market as invesfigures are the only thing to look at." tor attention focused on the flailing bond and stock markets and the spiralling dollar. The pound closed down in London at DM2.4606 against

> up at \$1.5393 from \$1.5195. While remaining quiet in early sessions, the Bank of England provided liquidity of £78m at established rates and late assistance of £295m after forecasting a shortfall of £450m. The overnight lending rate traded between 6 and 4%

the D-Mark from DM 2.4765 and

In the futures market, trading volumes were high at 24,800 on the December short sterling contract, which closed at 93.70 from 93.75. The December Euromarket contract traded 32,000 lots to close at 94.78, from 94.81.

Jun 29	. £	\$
Hangary	157.455 - 157.660	102,3100 - 102,410
lran	2655.00 - 2663.00	1748.00 - 1750.00
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Poland	34518.7 - 34854.1	22430.0 - 22510.0
Rossis	3018.57 - 3026.26	1981.00 - 1966.00
UAE	5.6418 - 5.6633	3,6715 - 3,6735

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Low 0.9795 0.9895

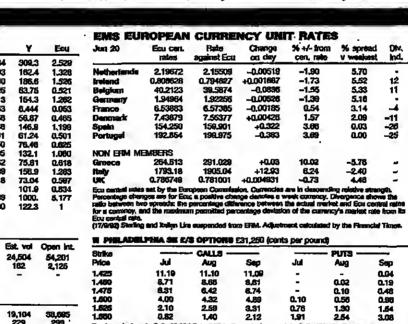
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Jun 20		Closing mid-point	Change on day	Bid/offer aprend	Day's	Mid	One mo	MPA	Three mo	nthe %PA	One ye	SEPA	Benk of Eng. Inde
Europe				4									
Austria	(Sch)	17,3097	-0.1794	030 - 163	17 6401	17.2894	17.3069	0.3	17.5003	0.2		-	114
Belgium	(BFA			947 - 727		50,6260	50,7237	0.2			50,8037	63	115
Demmark	(DK)	9.6590		558 - 621		9.5473	2.6667	-1.0	9.6805	-09	9.6948	-04	116.
Finland	(FM)			203 - 383		8.2310		-1.0			-		80.
France	(FFr)			968 - 129		8.4003	8,4144	-0.6	8.4197	-0.5	8.4028	0.1	109.
Germany	(DM)			596 - 614		2.4575	2.4802	02	2,4598	0.1	2,4405	0.8	125.
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reland	(29)	1.0178		186 - 179		1,0139	1.0177	-04	1.0185	-0.5	1,0197	-0.2	104.7
Italy	. (1)	2435.44		424 - 884		2424.66	2442.14	-83		-3.2	2504.29	-2.8	78.0
Lizembourg	(LFi)			947 - 727		50,6260	50,7237			-0.3	50,6037	0.3	115.
Natherlands	) OFIC	2.7591		579 - 803	2,7706		2.7585		2.7581	0.1	2.7374	0.8	120
Norway	(NKG)			940 - 006		10,6936	10.6917	0.8	10,7042	-0.3		0.0	86.
Portugal	`desi	256,209		936 - 481		255.860	257.184	-4.6	259,129	-4.6			
Spein	(Pta)	205.221		148 - 292		204.333	205,731	-3.0	208,701	-29	209,971	-23	84.1
Sweden	(SKI)	11,8786		709 - 863	12.0749		11,9018		11,9366	-20	12.0346	-1.3	75.0
Switzerland	(SFr)	2.0752		743 - 760		2.0682	2.0742	0.8	2.0714	0.7	2.0485	1.3	120.1
UK	12)		-					-					80.1
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Americes													
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Britzil	(Cr)	3634.29		388 - 489	3640.00	3548.00	-	-	-	-		-	
Canada	(CS)	21477	+0.0368	468 - 484	2,1516	2.1268	215	-1,3	2.1568	-1.7	2,188	-1.8	85.
Mexico (New	Pesa)	5.1788	+0.0636	741 - 835	5.1835	5.1544	_	-	-	-	-	-	
USA	(3)	1.5393	+0.0185	390 - 395	1.5417	1.6304	1.5388	0.5	1,537	0.8	1.53	0.6	84.
Pacific/Middle												-'-	
Austrelle	(A\$)	2.0860		851 - 889	2.0869		2.0853	0.4	2.0837	0.4	2.0828	0.2	
Hong Kong	(HKQ)	11.8958		931 - 985	11.9141		11,8877	0.8	11,8839	0.4	11.9107	-0.1	
Inclin	(Fhs)	48.2824		707 - 941	48,3550		:	_=					186
Japan Malausia	M	156.958		888 - 029	157.980		156.598	2.8	155.768	3.0	151.673	3.4	180.
Malayela Nava Zastana	(MS) (NZS)	2.5855		929 - 958	3,9992 2,5894		2.5848	0.3	2.5884	-04	2 5949	-04	
New Zealand	(Peac)	41.7138		839 - 870	42.0284		20040	U.S	23004	-4.4	2.0274	~~~	
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Jun 20		Clasing mid-point	Change on day	Skd/offer spread	Day's high	anid low	One mo	mth %PA	Tires mo	mths %PA	One ye	16PA	J.P Morgan index
Europe													
Austria	(Sch)	11.2455	-0.26	430 - 480	11.3515	11.2280	11.25	-0.6	11.258	-0.4	11.1965	0.4	
Seigium	(BFI)	32,9600	-0.6	400 - 800	33.2050	32,8850	32.9635	-0.9	33.03	-0.9	33.075	-0.3	
Denmark	(DKd)	6.2751	-0.1124	741 - 761	6.3350	6.2735	6.2841	-1.7	6.3031	-1.8	6.3476	-1.2	
Finland	(FM)	6.3463	-0.0921	413 - 513	5.4090	5.3413	5.3495	-0.7	5.3623	-1.2	5.4288	~1.6	75.6
France	(FFr)	5.4636	-0.0989	825 - 647	5.5100	5.4540	5,469	-1.2	5.478	-1.1	5.4349	0.5	
Germany	(0)	1,5986	-0.0313	983 - 988	1.6195	1.5961	1.5996	-0.7	1.6004	-0.5	1.5952	0.2	105.9
Greece	(Dr)	241.600	-4.7	100 - 100	243,400	241,100	242.95	-6.7	243.8	-3.6	248.1	-1.8	69.0
Ireland	(20)	1.5132	+0.0213	125 - 138	1.5164	1,4967	1.5118	1.1	1.5091	1.1	1.5007	0.8	-
Italy	(L)	1582.23	-20.77	170 - 275	1589.00	1581,24	1587,33	-3.9	1597.23	-3.8	1636.96	-3.5	77.3
Luxembourg	OLF#)	32,9600	-0.6	400 - 800	33.2050	32,8850	32.9835	-0.9	33.03	-0.9	33.075	-0.9	105.1
Natherlands	(71)	1,7925	-0.0363	820 - 930	1.8077	1.7891	1,7935	-0.7	1.7945	-0.4	1.7893	0.2	104.9
Norway	(NIK)	6.9497		487 - 507	7.0169	8.9475	6.9642	-0.9	6.9687	-1.1	6.9687	1.2	98.3
Portugal	(Ea)	166,450	-3	300 - 600	168,200	166,200	168,105	-11.9	170,526	-8.8	174.8	-6.0	92.8
Sosio	(Ptu)	133,326	-1.65	300 - 350	133,750	132,900	133.72	-36	134,485	-3.5	137.25	-2.9	80.8
Sweden	(SK)	7.7172		134 - 209	7.8072	7,7134	7.7352	-2.8	7.7682	-2.6	7.9162	-2.6	80.3
Switzerland	(SFr)	1,3482		476 - 485	1,3605	1,3427	1,3483	0.0	1.3477	0.1	1.3389	0.7	106.0
UK	(6)	1,5393		390 - 395	1.5417	1,5304	1.5386	0.6	1.537	0.6	1.53	0.6	88.5
Ecu	~	1.2000		996 - 005	1,2009		1_1964		1,1956	1.5	1.2093	-0.8	-
SDR	_	1.42231		-	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1,	,	-,-		-		-	_
Americas	_												
Argentina	(Peso)	0.9962	_	981 - 982	0.9962	0.9961			-	-			_
Boazi	(C)	2361.06		107 - 109		2361.07	_	_		-			_
Canada	(CS)	1.3953		950 - 965	1.3968	1,3897	1,3974	-1.9	1,4033	~2.3	1.4288	-2.4	82.4
	Peso)	3.3645		820 - 870	3.3660		3.3855		3.3673	-0.3	3,3747	-0.8	
USA	(3)		-0	-	-	-						-	99.1
Pacific/Middle		Africa	_	_			_	_					
Australia	(A\$)	1.3562	-3 0004	548 - 556	1.3561	1,3504	1,3555	-0.3	1.3556	-0.1	1,3503	-0.8	88.2
Hong Kong	(HKS)	7.7283		278 - 288	7,7295		7,7278	0.1	7.7303	-0.1	7.7445	-0.2	-
india	(Fla)	31,3876		860 - 700		31,3650	31,4475		31_9925	-2.8		-0.2	_
Japan	m	101.970		940 - 000		101.900	101.785	22	101,345	2.5	96.13	2.8	146.6
	(MS)	2.5950		945 - 955	2.5980		2.5875	3.5		1.7	2.815	-0.9	
Melayela	(N25)	1.6797	-0.0096				1.6815	-1.3		-1.5	1,7078	-1.7	
New Zealand					1,6872	1.6784	1'0015	-12	1,0001	-1.0	1.7070	-1.7	
Philippines	(Peco)	27.1000		000 - 000					3.753	-0.3	3,7657	-0.4	_
Saudi Arabia	(SR)	3.7504		501 - 506	3.7507		3.761						
Singapore	(33)	1.5275		270 - 280	1.5301	1.5270	1,5268			0.3	1.5285		
S Africa (Corr.)		3.6418		410 - 426	3,6500		3,8573		3,6858	-4,8	3.7623	-3.3	-
S Africa (Fir.)	(FI)	4.7250		150 - 360	4,7450		4.7587	-8.6	-				-
South Korea	(Won)	809,700		400 - 000		807,900	812.7				834,7	-3.1	-
Talwan	(L2)	27,0486		485 - 510		27.0485	27,0898		27,1098				-
Theiland	(B0	25,1000	-0.06	900 - 100	25,1500	25,0900	25,1725	-3.5	25.3	-3.2	25.78	-2.7	_

## (Wor) 1246.34 +19 567 - 700 (T3) 41.6363 +0.5299 278 - 450 (B0) 38.6362 +0.4068 135 - 566 1247.85 1237.45 41.6500 41.6276 38.6660 38.6135 **EMS EUROPEAN CURRENCY UNIT RATES** 2.529 1.328 1.526 0.521 1.262 0.063 0.465 1.199 0.501 0.626 1.060 8 1.263 0.597 0.534 5.177 2,19672 0,808628 40,2123 1,94964 6,53883 7,43679 154,250 192,854 -0.00518 +0.001867 -0.0836 -0.00526 -0.00185 +0.00428 +0.322 -0.383 5.70 5.52 5.33 5.16 3.14 2.09 0.03 0.00 Netheria Ireland Belgium German France Denmari Spein Portugel -1.90 -1.73 -1.55 -1.39 0.54 1.57 3.66 3.69 12 11 -11 -25 -25 2.15509 0.794627 39.5874 1.92256 6.57385 7.56377 159.901 291.029 1905.04 0.781001 10.02 6.24 -0.73



LONDON MO	NEY R	ATES				
Jun 20	Over- night	7 days notice	One	Three months	Shu	One
Interbank Sterling Sterling CDs	0 - 44	4 44	0 - 4% 4% - 4%	04 - 54 54 - 54		
Treasury Bills Beck Bills	:		极-44	43-43	5 - 441	-
Local authority deps. Discount Market deps			5 - 41		54 - 56	64 - 55
UK clearing bank base	lending rat	a 514 per c	ant from Fe	bruary 8, 19	94	
		Up to 1	1-3 month	3-6 months	6-6 months	9-12 months
Certs of Tex dep. (£10	0,000)	112	4	334	314	312

	Open	Sett price	Change	High	Low	Est, val	Open int
Sep	84.29	94.32	-0.05	94.34	94.26	15314	109847
Dec	93.65	93.70	-0.05	93.74	93.61	24782	147801
Mar	92.96	93.90	-0.08	93.05	92.87	11934	61450
Jun	<b>92_2</b> 7	<b>92.35</b>	-0.10	92.38	92.22	3411	46362
Traded on	APT, AT Ope	n interest figs.	me per busy	lous day.			10000

Strike		CALLS -			PUTS	
Price	Sep	Dec	Mer	Sep	Dec	Mar
9425	0.19	0.14	0.09	0.12	99.0	1,34
9450	0.08	0.08	0.05	8.26	0.88	1.55
9475	0.02	0.04	0.03	0.45	1.09	1.78

6.25 8ank 5.25 ---- 5.25

B/	<b>LISE LENDING RAT</b>	ES .
Adam & Company	Duncan Lawrie	* Resburghe Guerantee Corporation Limited is no longer authorised as a benishin institution. 0 Royal Bit of Scotland 5.25 eSmith & Wilmen Secs. 5.25 TSB 5.25 United Six of Russelt 5.25 Vinited Six of Russelt 5.25
CL Bank Nederland 5.25	@Leopold Joseph & Sons 5.25	Marahers of Scitish

... 5.25 .... 5.25 ... 6.25 .... 0

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**LEGAL NOTICES** 

#### IN THE HIGH COURT OF IUSTICE HANCERY DIVISION

IN THE MATTER OF doublet haster group pic and-EX THE MATTER OF THE COMPANIES ACT 1985

IN THE MATTER OF HAMLEYS SIC SAID.

IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN that an Ord ligh Court of Justice, Changery Division of the 19th year 19th upolitysian the amount spanish. NOTICE IS HERREDY GIVEN that a Position was so 26th May 1994 presented to Her Majesty's High Court of Settice for (f) the confirmation of the reduction of the capital of the shows assessed Company from £4,280,701,80 to £2,500,000 and (fi) the reduction of the Sancy Promises Account of the Company from £16,079,401.78 to £1,502,01,78.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be bessed before by Registers Backley at the Royal Court of Suntice, Strand, London, WCZA 211. on Wednesday the 29th day of face 1994.

ANY gradient of the said reduction of output of suntice, Strand, London, WCZA 211. on Wednesday the 29th day of face 1994.

ANY gradient or structholder of the said Company decising to oppose the making of an Order for the confirmation of the said reduction of capital should appear of the time of brating in person or by Commel for that purpose.

A copy of the said Pethion will be furnished to say such peeper resulting the same by the under measurement solicitate; on sprunsent of the regulated change for the same.

JATED this 19th thy of hom 1994.

Gookicus of 27 Tudos Street, London, ECNY OII Solicitors for the above assessed.

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#### will be upwards. With generally disappointing economic declined to comment on the US indicators emerging from the currency, dampening expecta-tions of Bundesbank action. US in the last few weeks, the market has also trimmed its expectations for Fed tighten-Mr Cocker said the US currency will need central bank intervention before it will bonds fuelled by Friday's fall rally. "To see a turn-around in the dollar you need to see the Fed raising rates above the modity prices and fears of inflation gave the D-Mark a short-term German rates," said Mr Cocker, "To say we do not further boost as investors fled have an active devaluation polto cash. "Of course they could icy is not enough. They need to be buying any currency but CROSS RATES AND DERIVATIVES EXCHANGE CROSS RATES 19.04 10 11.49 3.925 9.495 0.297 3.770 4.707 6.130 4.695 9.639 4.467 6.276 81.56 16.58 8.707 10 3.417 8.269 0.346 3.048 7.860 3.283 4.099 4.053 8.410 3.910 5.466 53.60 6.565

Latest 0.6249 0.6260

M SWIES FRANC FUTURES (MAN) SF: 125,000 per SF:

WORLD INTEREST RATES

5% 5% 500 5.05 5.05 5.08 4% 4.4 4.4 2.1

Jepen week ago # \$ LEBOR FT London

Belgien Franc Denish Krose D-Mark Dutch Gulder Franch Franc Portuguese Es Spenish Peset Steding Swiss Franc Can. Dollar US Dollar US Dollar US Dollar US Tollar Van Asian SSing

Sett price 94.25 93.57 93.48 93.10

Sett price 94.89 94.10 93.91 93.61

-0.14 -0.24 -0.31 -0.28

-0.02 -0.04 -0.05 -0.07

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r 1 mile 88; 3 miles 6 ; 6 miles 84; 1 year: 63 150m quoted to the market by four reference be no Truet. Bank of Yokyo, Bandaya and National

5% 5% 5.00 5.00 5% 5% 5.07 5.07 5.06 4.24 4.24 4.24 2.34

4% 4% 4.70 4.87 3% 3%

5% - U2 64 - 5% 5 - 4% 5 - 44 102 - 144 84 - 44 84 - 84 84 - 84 84 - 84 84 - 84

Low 94.19 93.78 93.39 93.07

High 94,35 94,07 93,78 93,35

High 94,88 94,13 93,91

Change +0.0040 +0.0038

| Light | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 10

1,750 2.7 985 0.8 638 1.4 3,250 6.5 1,250 0.4 668 1.0 905 2.2 177 2.8 328 1.7 546 2.5 435 1.8 3,411 1.1

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NDICES	401.30				- 0.5					-		US	INDICES	3			
INDICES	-Aur 20	Jun 17	Jun	- 1994 - Lo	w Short		Jun 20	Jun 17	Jun - 15	High		Dow Jee	17	Jan 16	15 mpb	(Our	Since complication High Low
INDICES Argustina General (29/12/77) Australia	Jun 20	17	Jun 16 19261.87 25470.40 2056.0 2349.60	High 1994 La	Merck E0/4 PC & Notice 5/5 QBS 1	ov 1978) Head Windlandind &	20 41 9 411.0	2310.50 421.8	16 3326.80 2 424.4	881.17 8/2 654.90 31/1	1957-33 204 411.00 206	100	17 17 17/6.	16 16 179 179 179 179 179 179 179 179 179 179	5 Mgb 0.41 MF1.36 (51/1) 0.45 165.61 (21/1)	3383.35 (440) ( 16.43 (1	2878.36 41.22 317/94 (27/83) 108.77 54.98 8/10/93) (1/10/81)
Asymptom General (29/12/77) Australia All Orlingia(1/1/80) All Maning(1/1/80) Russian	Jun 20	17	Jun 16 19261.87 25470.40 2056.0 2349.81 1054.9 1136.14	1994 La 1 1672 17756.50 1 372 1988.10 3 372 904.80 3 272 401.20	2044 PC (** Violation 5/5 CBS / 5/5 CBS / 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	ov 1973) rhand WitzBardEnd 83 il Star (End 83) Zanband io (1/7/26)	44 411.0 280.9	2310.50 421.4 257.5	16 3326.80 2 424.4	54.97 31/1 54.95 31/1	1957.33 204	Dow Jee	17 17 17/6.	15 16 17 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	15 Maph (31/1) (31/1) (31/1) (31/1) (31/1) (31/2) (31/2) (31/2) (31/2)	3363.35 (444) ( 86.43 (73/3) (1 1548.82 (20/4) 177.78	High Low 2678.36 41.22 2577/90 (2775.3) 108.77 54.38 870.90 (170.87) 108.29 12.32 (259.9 (8775.2) 258.48 10.30
Argundian General (29/12/77) Australia Al Ordinaries (1/AO) Al Mining(1/1/AO) Austria Condr. Adden(30/12/34) Teated Indisa(21/31) Sulpham	20 kb 2024.4 1043.3	17 19296.84 2951.2 1948.2 415.89 1075.50	Jan 16 19261.87 25470.46 2056.0 2340.89 1054.9 1136.14 416.21 400.88	High 1994 Lo 1 16/2 17756.90 3 3/2 1988.19 3 3/2 904.80 3 2/2 401.20 5 1/2 1011.38	20/4 PC (*)  10/4 PC (*)	ov 1973) rienal Wirzian(End 83) Il Sur (End 83) Zaeland IO (1/7/56) IV Eğnd((2/1/63) ploss	20 44 9 411.0 280.9 2072.70 993.44	2310.50 421.8 257.8 2101.07 1024.92	16 2325.50 2 424.4 : 259.4 : 2103.76 2 1031.85 10	561.17 6/2 561.90 31/1 561.90 31/1 591.84 3/2 211.10 25/2	1957.33 20/4 411.00 20/6 250.00 20/6 2072.22 5/5	Down Jee Industries Home Bond Transport United Durind, De Day's high	1778. 1778. 18 98. 1652. 1821. 1871 1881 2871 8711.	15 16 17 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	0.41 3878.38 (31/1) 0.55 186.51 (21/2) 5.55 1882.29 6.20 (2/2) 5.704.09 (31/1)	3583.35 (440) (640) (745) (746.32 (2540) (777.78 (725) (725) (725)	High (our 2718.75 41.22 517/59 (2718.31 54.38 67109) (1/1081) 1982.29 12.32 12.32 12.32 12.33 (2/294)
Arguellan General (29/12/77) Australia All Ordinaries(1/1/80) All Mining(1/1/80) Resolthi Credit Artien(20/12/84) Traded Index(2/1/91)	2024.4 1043.3 408.71 1045.64	17 19296.84 2051.2 1048.2 415.89 1075.50	20560 25400.40 20560 2540.80 10549 1136.10 41621 400.80 1073.78 1222.22	Hgt 1994 La 1 16/2 17756.90 1 3/2 1988.10 3 3/2 904.80 3 2/2 401.20 5 1/2 1911.36	March 2014 IPC 6 Matter 555 C85 / 556 C85 / March 66 Cap 4 Oato 5 20/6 Philip March	ov 1978) rhand Warsingfood 85 4 Str (Grd 85) Zandand O (1/7/86) W Eigros/(2/1/85) plose Comp (2/1/85)	20 41 310.9 2072.70 953.44 2854.58	17 2310.50 421.8 257.8 2101.07 1024.92 2882.63	16 2325.80 2 424.4 : 258.4 : 2103.76 2	561.17 6/2 651.90 31/1 651.90 31/1 691.84 3/2 211.10 25/2	1957-33 204 411.00 204 200.00 204 200.00 204 2012-22 55	Down Jee Industrials Home Bond Transport United DJ Ind. De Doy's high Standard Composite :	3776. 3776. 3 96. 1652. 1852. 1852. 1851. 3812.51 9811. 1 and Provs.	15 3811.34 379 39 1661.45 163 51 184.85 163 51 184.85 163 51 184.85 163 51 167.85 163 51 167.85 163	15 Mgb 10.41 MF138 (\$1/1) 10.55 195.55 (\$27) 10.55 196.29 (\$27) 10.55 (\$27) 10.55 (\$27)	\$3883.35 (440) ( \$6.45 (125) (1 1546.02 (204) 177.78 (1 177.78 (1) (1) (1) (1) (1) (1) (1) (1) (1) (1)	18gb Usu 2876.36 41.22 2876.36 41.22 2776.36 (2776.3 108.77 54.38 1471.043) (1/1081) 1882.39 12.32 2284.89 10.50 2384.89 (84/32) 246.664) 482.80 4.40 (2/294) (1/6/32)
Arguelles General (29/12/77) Australia General (29/12/77) Australia General (29/12/77) Australia General (29/12/77) Australia General (29/12/79) General Indiag (27/99) General (29/12/99) General (29/12/99) Composite (19/79) Composite (19/79)	2024.4 1043.3 408.77 1045.84 1420.31	177 19296.84 2051.2 1048.2 415.69 1075.50 1445.81 32378.0 3740.52 4158.78	16 19251.87 25470.44 2056.0 2340.60 1054.9 1136.14 416.21 460.84 1073.76 1222.22 1451.62 1642.62 2030.0 32770.04 3724.44 3678.94	High La  1994 La  1992 17756.90  1 3/2 1998.10  3 3/2 904.60  5 2/2 407.20  5 1/2 1011.36  5 9/2 1420.31  1 776 300.36  1 785 3299.86  1 785 3299.86	March 2014 PC 6 Vante 555 CBS / 555 CBS / March 566 Cap / 66 More Cato S 2016 Prefix 511 Ports 512 S S S	Ov 1973) rhand With Shrifted 85) Zeehand IO (1/789) Egydyd/163) pites IC Outp (2/1/85) pit	20 411.0 280.9 2072.70 953.44 2854.68 2612.8	17 2310.50 421.8 257.8 2101.07 1024.92 2882.63	18 3325.80 2 424.4 : 258.4 : 2103.76 2 1031.85 ti 2516.56 3 2758.8 3	561.17 6/2 651.90 31/1 651.90 31/1 691.84 3/2 211.10 25/2	1957-33 204 411.00 204 200.00 204 200.00 204 2012-32 55 933.44 204 2807-33 9/3	Boar Jes Scholinis Hore Book Transport United Out Incl. Do Doy's high Standard	3776. 3776. 36 96. 1652. 1652. 1652. 17361.3521.#	15 15 15 15 15 15 15 15 15 15 15 15 15 1	15 Mg/s 0.41 M71.36 (51/1) 5.55 195.29 (21/1) 5.55 195.29 (21/1) 5.55 195.29 (21/1) 5.75 195.29 (21/1) 5.75 195.29 (21/1) 5.75 195.29 (21/1) 5.75 195.29 (21/1) 5.75 195.29 (21/1) 5.75 195.29 (21/1) 5.75 195.29 (21/1) 5.75 195.29	\$383.35 (44) (44) (45.45 (154.35 (17.75) (7.25) (1.39) (1.39) (1.39) (44) (44) (41.39)	1860 Usu 2876.38 41.22 2876.38 41.22 2876.38 41.22 2876.38 (1768.81) 1882.29 12.32 283.48 10.50
Argustian Extraction (29/12/77) Australia All Ordinaries(1/1/80) All Maring(1/1/80) Austria Condit Aldien(30/12/84) Tested Index(27/31) Sulpham Belt2.00 (1/1/91) Brazil Bostopa (28/12/85) Condit Ministe Ministe (1975)	2024.4 1043.3 408.77 1045.84 1420.37	177 19296.84 2051.2 1048.2 415.89 1075.50 1445.81 32378.0 3740.52	16 19261.87 25470.46 2055.0 2540.8 1054.9 1135.16 416.27 460.8 1073.78 1222.2 1451.62 1542.8 3033.0 32278.0 3724.44 3678.8 4163.45 4669.9 1831.21 2182.8	1804 La 1802 17756.30 1 1672 17756.30 1 372 1988.19 3 372 594.80 3 172 1071.38 3 173 3800.36 1 1813 3229.86 1 1813 3229.86 1 178 3800.36	204 PC 6 Nation 5/5 CBS / 5/5 CBS / 5/5 CBS / 5/6 Cap . 6/6 Cap . 20/6 Philip March 20/4 Slage 20/4 Star 2	ov 1978) rhand William (Sol Sol  Str (End So) Zeathard 10 (1/7/56) W EEphdy2/1/63) pleas Comp (2/1/63) pleas I—Spore(2/4/75) Adrica dl. (25/6/78)	20 411.0 280.9 2072.70 953.44 2854.68 2612.8	17 2310.50 421.8 257.8 2101.07 1024.92 2282.63 2723.5	18 325.50 2 424.4 259.4 2 2103.76 2 2016.56 2 2768.5 3 2768.5 3 2768.5 2 27	981.17 8/2 951.90 31/1 991.90 31/1 991.91 3/2 111.10 29/2 111.10 29/2 101.27 4/1 221.80 18/2 991.91 4/1	1957.33 20/4 411.07 20/6 250.50 20/6 20/12.22 5.5 993.44 20/6 2507.33 9/3 2507.33 9/3	Down Jees  Industrials  Home Bond  Transport  United  Cut Incl. Ch  Day's high  Standoutes  Industrials  Industrials  Industrials  Interested	3776. 3776. 36. 36. 1652. 1652. 175 1601. 3812.61 (8611.61	18 18 18 18 18 18 18 18 18 18 18 18 18 1	15 Mph  0.41 MP1.36 (51/1)  5.85 (82/1) (5.85 (82/2) (2/1)  5.85 (82/2) (2/1)  5.85 (82/2) (2/1)  5.76 (82/2) (2/1) (5.76 (82/2) (7/2) (7/2) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4) (7/4)	\$253.35 (44) (5.53) (12/3) (12/3) (12/3) (12/3) (12/4) (177.75 (12/4) (14/4) (14/4) (14/4) (44/4) (44/4) (44/4) (44/4)	### Usu 2876.3% 41.22 2876.3% 41.22 2876.3% (1/081) 1982.29 (2/294) 288.48 10.50 288.48 10.50 288.48 10.50 288.48 (10.50 288.48
Argundian Serveri (29/12/77) Australian All Ordinaries (1/180) All Mining(1/180) Austria Constr. Adden(50/12/84) Traded Index(271/91) Selpham BEL20 (1/1/91) Brazili Bosespa (28/12/85) Canada Matcis Minto-(1875) Composit	2024.4 1043.3 408.71 1045.64 1420.31 69	177 19296.84 2051.2 1048.2 415.89 1075.50 1445.81 32378.0 3740.52 4158.78	16 19261.87 25470.46 2055.0 2540.8 1054.9 1135.16 416.27 460.8 1073.78 1222.2 1451.62 1542.8 3033.0 32278.0 3724.44 3678.8 4163.45 4669.9 1831.21 2182.8	High La  1994 La  1992 17756.90  322 1998.10  322 904.80  3 122 1011.38  3 122 1420.31  3 1776 300.30  1 1875 3299.86  1 2375 4705.90  1 1873.37	March   PC 6	ov 1970) rhmd  Plansimichd 53  Il Str (End 63)  Zeethad  Il (1/7/86)  Egnd(2/1/83)  plans  Egnd(2/1/83)  plans  E-Spore(2/1/83)  d. (28/8/73)  Il (28/8/73)  Rosen  Cospical (1/80)  Cospical (1/80)  Cospical (1/80)  Cospical (1/80)	20 411.0 280.9 2072.70 953.44 2854.88 2812.8 558.23 2272.8 842.50	17 2310.50 421.8 257.8 2101.07 1024.92 2862.63 2723.5 556.57 2167.0 6730.0 818.54	15 2325.50 2 258.4 2 2768.5 3	981.17 8/2 954.90 31/1 964.95 31/1 964.94 3/2 111.10 25/2 108.37 4/1 252.96 18/2 18	1957.33 204 411.00 206 200.00 206 2072.22 55 980.44 206 2007.33 93 2012.80 2076 932.23 44 1740.06 14/2 5440.00 19/1	behalfale None Book Transport Umilier Cut Ind. D. Day's high Standard Composite indestrict Indestrict Preschil	3776. 3776. 36. 36. 1852. 1852. 1852. 1852. 1852. 1852. 1852. 1853.	15 3811.34 379 39 36.57 9 40 1661.45 163 51 184.95 18 51 184.95 18 52 1850.08 } Low 5775.51 55 461.93 48 57 537.08 53 13 46.57 4	15 Majo  16.11 M71.36  17.11  18.15 M21.36  17.11  18.15 M21.36  17.17  17.15 M21.36  17.17  17.17  17.17  17.17  17.17  17.18  17.17  17.18	\$253.35 (44) (5.5) (125) (125) (125) (125) (126) (127) (126) (44) (44) (44) (44) (44) (44) (44) (4	### Usu 2876.3% 41.22 2876.3% 41.22 2876.3% (1/0.81) 1982.73 54.38 8/10/31) (1/0.81) 1982.29 (2/259 (1/0.82) 288.48 10.50 37.875.30 (8.4732) 466.40 (8.4732) 466.40 (8.64 2876.30 (1/0.714) 482.30 (2/259) (8.4732)
Argundian General (29/12/77) Australian All Ordinaries (1/1/80) All Mining(1/1/80) Australian Australian Bossop (28/12/83) Bossop (28/12/83) Custal Minte (18/75) Custal Minte (1	2024.4 1043.3 406.77 1045.84 1420.31 89 80 84 84 84 360.31	17 19296.84 2951.2 1048.2 415.89 1075.50 1445.81 32378.0 3740.52 4150.78 1931.80 4525.2 366.63	16 16 18251.87 25470.41 1054.9 1135.14 1054.9 1135.14 1073.76 1222.21 1451.62 1642.81 1051.62 1652.81 1051.62 1652.81 1051.62 1652.81 1051.62 1652.81 1051.62 1656.84 1055.62 1656.94 11576.81 1056.94 11576.81 1056.94 11576.81 1056.94 11576.81 1056.94 11576.81 1056.94 11576.81 1056.94 11576.81 1056.94 11576.81 1056.94 11576.81 10576.81	High 1994 Lo 1672 17756.59 1672 1968.19 1672 904.80 1672 407.20 1671.35 1672 1420.31 1778 3800.36 1778 3800.36 1778 3800.36 1778 3800.36 1778 3800.36 1778 3800.36 1778 3800.36 1778 3800.36 1778 3800.36 1778 3800.36	March   Marc	icu 1978) rimuli Wirziamijinol 83 Wirzia	20 411.0 280.9 2072.70 953.44 2854.68 2812.8 555.23 2227.8 9822.0 9 842.50 307.60	17 2310.50 421.8 257.8 2101.07 1024.92 2862.63 2723.5 556.57 2167.0 6730.0 818.54	18 2325.80 2 424.4 256.4 2 203.75 3 1031.85 2 2768.5 3 27	981.17 8/2 954.90 31/1 964.95 31/1 964.94 3/2 111.10 25/2 108.37 4/1 252.96 18/2 18	1957-33 204 411.00 206 200.00 206 2012.12 5.5 983.44 206 2007.33 8/3 2012.10 20/6 523.29 4/4 17/40.00 14/2 5440.00 19/1	Down Jees  Industrials  Home Band  Transport  Umilier  Cul Ind. Do. J. High  Standard  Composite :  Industrials  Francial  Infect Mid. 1  Amer. Mid. 1	1776. 18776. 1852. 1852. 1852. 1852. 1852. 1852. 1852. 1852. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853.	18 181 1.34 3.79 39 30.57 9 40 1661 A5 163 51 184.05 18 5	15 Majo  16.11 MF1.36  17.10  18.15 MF1.36  17.10  18.15 MF1.36  17.10  18.15 MF1.36  18.10	\$253.35 (44) (64) (753) (753) (753) (753) (773) (753) (750)	### Ups  2876.35 4.122 57.17.90 (7/122) 109.27 54.36 67.1053) (1/1061) 1982.23 12.22 258.48 10.50 10.5
Argundam General (29/12/77) Australia All Ordinaries (1/1/80) All Mining(1/1/80) Australia General (46/en)(50/12/84) Traded Index(271/91) Seliplam Borespa (28/12/83) Cumposite + (19/75) Porticolo§§ (4/1/83) Chilos PSA San (31/12/80) Describe EX General(28/12/80) France SSF 250 (31/12/90) CRC 40(31/12/87) General(28/12/87)	2024.4 1043.3 408.77 1045.84 1420.37 149 149 149 149 149 149 149 149 149 149	17043 1905.84 2051.2 1048.2 415.89 1075.50 1445.81 32378.0 3740.52 4158.78 1961.80 4525.2 368.63 1704.3 1300.98 1935.95	16 19261.87 25479.44 2056.0 2349.86 1054.9 1136.14 416.27 402.86 1073.76 1222.22 1451.62 1542.86 20530.0 32278.06 2724.44 3673.86 1653.45 4093.96 1653.45 4093.96 1659.4 415.76 1679.2 1922.06	High 1994 La 167 17756.50 167 17756.50 17756.50 17756.50 1775 390.80 1775 390.86 1775 390.86 1775 390.86 1775 390.86 1775 390.86 1775 390.86 1775 390.86	March   Marc	CV 1978)  Tennal  Williamich Sig  Stor (End Sig  Zeeband  O (1/7/86)  Eighnig (2/1/85)  Free (2/1/85)  place  Gorap (2/1/85)  Africa  Out (28/8/78)  Ricean  Copies (4/1/80)  I SS (20/1/86)	20 411.0 280.9 2072.70 953.44 2854.68 2812.8 555.23 2227.8 9623.0 97 302.60 1 1354.2	17 2310.50 421.8 257.5 2101.07 1024.92 2252.63 2723.5 556.57 2187.0 918.54 307.79 1407.0	16 3325.50 2 424.4 256.4 2 203.75 3 1031.85 2 205.55 3 2756.5 3 2756.5 3 2756.5 3 31.31 3 1428.2 31 1271.71 14	581.17 8/2 581.00 31/1 591.95 31/1 591.96 31/1 591.96 31/1 591.96 4/1 591.96 31/1 591.96 31/1 591	1957-33 204 411.00 206 200.00 206 200.00 206 2012.00 206 2012.00 55 993.44 206 2007-33 83 2012.00 206 5352.00 206 1749.00 14/2 5449.00 19/1 655.37 24 202.80 206 1207.8 206	Down Jee  beharthis  Hore Bond  Transport  Umiles  Cut Incl. Dr. Dr. Dr. Standard  Composite:  Indestrict  Frenchis  HYSE Comp  Amer. Mil. 1  NASSNAG Co.  III. RATTER	1776. 18776. 1852. 1852. 1852. 1852. 1852. 1852. 1852. 1852. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853. 1853.	18 18 18 18 18 18 18 18 18 18 18 18 18 1	15 Majo  16.61 MF1.38  17.17  18.55 MF2.38  18.57  18.58 MF2.38	\$253.35 (44) (64) (753) (753) (753) (753) (773) (753) (750)	### Usu #### Usu ####################################
Argustian Servert (29/12/77) Australia All Ordinaries(1/1/80) All Maring(1/1/80) All Maring(1/1/80) Anothin Coote Adden(50/12/84) Teaded Indes(271/91) Brazil Bousepa (28/12/80) Comado Allotas Minto (1975) Composito (1975) Composito (1975) Composito (1975) Conside PGA (201 (31/12/80) Derramink Copenhagen(58/1/80) Flanted HEX General(28/12/90) France Sef 250 (31/12/90) CAC 40(31/12/90)	2024.4 1043.3 408.77 1045.64 7420.37 84 84 84 360.31 1662.0	17048.2 19296.84 2951.2 1048.2 415.89 1075.50 1445.81 32376.0 3740.52 4156.78 1931.80 4525.2 366.63	16 19261.87 25470.44 2056.0 2940.8 1135.14 416.21 440.8 1137.17 1137.18 1222.2 1451.62 1542.8 460.9 1251.2 2162.8 460.9 1251.2 1262.8 460.9 1251.2 1262.8 1251.2 1262.8 1251.2 1262.8 1251.2 1262.8 1251.2 1262.8 1251.2 1262.8 1251.2 1262.8 1251.2 1262.8 1251.2 1262.8 1251.2 1262.8 1251.8 1251.2 1262.8 1251.8 12	1894 La 1892 17756.50 1 3/2 1988.19 3 3/2 504.60 3 3/2 1071.38 3 1/2 1071.38 3 1/2 1071.38 3 1/2 1420.31 3 1/2 1983.37 3 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2	20/4 PC 6	CV 1978)  Frank 1  Filtrachinicad 83  Filtrachinica	20 411.0 280.9 2072.70 953.44 2854.68 2812.8 555.23 2227.89 942.50 301.60 1 1364.2	17 2310.50 421.8 257.8 2101.07 1024.92 2862.63 2723.5 556.57 2167.0 6730.0 813.54 307.79 1407.0 1280.51 935.69	16 3325.50 2 424.4 256.4 2 203.75 3 1031.85 2 205.55 3 2756.5 3 2756.5 3 2756.5 3 31.31 3 1428.2 31 1271.71 14	981.17 8/2 951.90 31/1 981.90 31/1 981.90 31/1 981.91 4/1 981.91 31/1 981.91 31/1	1957.33 204 411.00 206 200.00 206 2012.00 206 2012.00 206 2012.00 206 2012.00 206 2012.00 206 2012.00 206 2012.00 206 2012.00 206	Dow Jees Bank Harm Bank Transport Utilities Du Incl. Di Day's Inglies Du Incl. Di Day's Inglies Indestries Presente Harm Bank	1776. 187	18 18 18 18 18 18 18 18 18 18 18 18 18 1	15 Majo  16.11 MP1.36  16.15 167.36  16.15 167.36  16.15 167.36  16.15 167.36  16.16 1	\$583.35 (44) \$6.55 (12/3) (1 154.82 (25/4) 177.75 (12/5) (13/6) (13/6) (13/6) (13/6) (13/6) (13/6) (13/6) (14/6	Tigh Usu  2876.35 (1.22 2876.35 (1.22 2876.35 (1.081) 109.27 54.36 871093) (1/1081) 1982.28 (27294 (27294) (1/652) 448.30 (4/42) 457.30 (27294) (1/652) 457.30 (27294) (27462) 457.30 (27294) (27462) 457.30 (27294) (27462) 457.31 (27294) (27462) 457.32 (27294) (27462) 457.33 (27294) (27462) 457.35 (27294) (27462) 457.36 (27294) (27462) 457.36 (27294) (27462) 457.37 (27294) (27462) 457.38 (27294) (27462) 474.38 (27294) (27462) 474.38 (27294) (27462) 474.38 (27294) (27462) 474.38 (27294) (27462) 474.38 (27294) (27294) (27462) 474.38 (27294) (27294) (27294) (27294) (27294) (27294) (27294) (27294
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Augustian General (29/12/77) Australia All Ordinaries(1/1/80) All Maring(1/1/80) Australia All Ordinaries(1/1/80) Australia All Ordinaries(1/1/80) Australia General Adien(30/12/84) Teaded Index(27/91) Bergsian Bersepa (28/12/83) Composite (19/75)	2024.4 1043.3 408.77 1045.54 1420.31 64 64 350.31 1682.0 1277.24 761.11 2152.8 1968.82	17043.236.63 1905.26.63 1075.50 1445.81 32376.0 3740.52 4158.78 1951.80 4525.2 368.63 1704.3 1300.98 1935.95 761.33 2220.5 2250.72	16 16 16 16 16 16 16 16 16 16 16 16 16 1	High 1994 Lo 1672 17756.59 1672 1968.19 372 1968.19 372 904.80 1775 300.36 177	March   PC 6   P	CO 1978)  Tennal  Tenn	20 411.0 280.9 2072.70 953.44 2854.68 2812.8 955.23 227.89 962.30 912.50 312.60 1 1364.2 6 1227.79 908.74 8038.41 1 1363.28 6 1363.77 6 615.57	17 2310.50 421.8 257.8 2101.07 1024.92 2382.63 2723.5 576.57 2187.0 6730.0 978.54 307.79 1407.0 1260.61 535.69 61.56.74 1370.53	156 3325.80 2 424.4 2 258.4 3 1031.85 11 2316.56 2 2516.56 3 2516.56 3 2516.56 3 2516.56 3 2516.56 3 2516.56 4 2185.0 2 2516.56 4 2185.0 2 2516.56 4 2185.0 2 2516.56 4 2185.0 2 2516.56 4 2185.0 2 2516.56 4 2185.0 2 2516.56 4 2516.56 4 2516.56 5 2	581.17 8/2 581.00 31/1 581.00 31/1 581.00 31/1 581.00 4/1 581.00 4/1 581.00 4/1 581.00 31/	1957-33 204 411.00 206 201.00 206	Dow Jee  Industrials  Home Bond  Transport  Umilies  Cul Ind. D. D.  Shandard  Composite:  Industrials  Amer. 184 1  WASDAD On  IN RATTIC  Dow Jon  IN STAM  Sep Inc.  Copen Inter  Open Inter  Open Inter  Open Inter	1776. 167	18 18 18 18 18 18 18 18 18 18 18 18 18 1	15 Majo  16.11 M71.36  16.15 (16.15)  16.15 (16.15)  16.15 (16.15)  16.15 (16.15)  17.15 (16.15)  17.15 (16.15)  18.14 (16.15)  18.14 (16.15)  18.14 (16.15)  18.14 (16.15)  18.14 (16.15)  18.15 (16.15)  18.16 (16.15)  18.17 (16.15)  18.18 (16.15)	\$253.35 (44) ( 5.00) (15.51) (17.71) (12.50) (17.71) (12.50) (17.71) (12.50) (17.71) (12.50) (17.71) (12.50) (17.71) (12.50) (17.71) (	### Use ### Use #### Use ####################################
Arguntian Ecrerat (29/12/77) Junitarille All Ordinaries(1/1/80) All Mahing(1/1/80) All Mahing(1/1/80) All Mahing(1/1/80) All Mahing(1/1/80) All Mahing(1/1/80) Bostopa (28/12/80) Bostopa (28/12/80) Common Matcle Minte (1975) Dougoste (1975) Portiologis (4/1/87) Common Matcle Minte (1975) Dougoste (1975) Portiologis (4/1/87) Common Portiologis (4/1/87) Chile PCA Generat(29/12/80) Prantoe SSF 250 (31/12/90) CAC 40(31/12/87) Generatics Gene	2024.4 1043.3 408.77 1045.84 1420.37 84 94 94 360.31 1863.04 761.17 2152.9 1968.82 (c) 6958.18	17048.2 1048.2 1048.2 1048.2 115.89 1075.50 1445.81 32378.0 3740.52 4156.78 1981.80 4525.2 366.63 1704.3 1300.98 1935.95 781.38 2220.5 2050.72 842.86 9113.98 4282.5	16 16 16 16 16 16 16 16 16 16 16 16 16 1	1994 La  167 17756.30  167 17756.30  177 50.30  177 50.30  177 50.30  177 300.36	March   20/4   PC     March   St	or 1978) remail With Element of 53 With Element of	20 41.0 280.9 2072.70 953.44 2854.68 2612.8 555.23 227.89 842.50 312.60 1 1364.2 8 1227.79 908.74 8038.41 1 1353.26 8 19629.17 6 15.57	17 2310.50 421.8 257.8 2101.07 1024.92 2262.83 2723.5 556.57 2187.0 5730.3 813.54 307.79 1407.0 1280.51 535.69 6159.74 1370.53 20213.4	16	981.17 8/2 551.90 31/1 561.93 31/1 561.93 31/1 561.93 4/1 571.90 4/1 571.90 4/1 571.90 4/1 571.90 15/5 571.90 5/1 571.90 5/1 571.90 1/2 571.90 1/2 571.90 1/2 571.90 1/2 571.90 1/2 571.90 1/2 571.90 1/2 571.90 1/2	1957.33 204 411.00 206 280.50 206 280.50 206 280.50 206 280.33 93 2812.80 206 280.33 93 2812.80 206 444 1740.00 14/2 5440.00 19/1 855.37 24 202.80 206 1227.75 206 5194.53 19/3 1796.39 444 12260.70 24/3	Dow Jee  Industrials  Home Bond  Transport  Umilies  Cul Ind. D. D.  Shandard  Composite:  Industrials  Amer. 184 1  WASDAD On  IN RATTIC  Dow Jon  IN STAM  Sep Inc.  Copen Inter  Open Inter  Open Inter  Open Inter	1776. 18776. 18776. 1852. 1852. 1852. 1852. 1852. 1852. 1853	18 18 18 18 18 18 18 18 18 18 18 18 18 1	15 Majo  16.11 M71.36  16.15 (16.15)  16.15 (16.15)  16.15 (16.15)  16.15 (16.15)  17.15 (16.15)  17.15 (16.15)  18.14 (16.15)  18.14 (16.15)  18.14 (16.15)  18.14 (16.15)  18.14 (16.15)  18.15 (16.15)  18.16 (16.15)  18.17 (16.15)  18.18 (16.15)	\$253.35 (M4) ( 15.63) (15.73 ( 1.15.63) ( 15.63)	### Use ### Use #### Use ####################################
Asymption Enterest (29/12/77) Australia All Ordinaries(1/1/80) All Mahing(1/1/80) All Mahing(1/1/80) Austria Cradit Adden(20/12/84) Tradiad Index(27/91) Brazil Bossopa (28/12/80) Companies (28/12/80) Companies (18/12/80) Fination SEF 250 (31/12/90) CAC 40(31/12/87) FAZ Adden(31/12/80) All Granders (18/12/80) Al	2024.4 1043.3 408.77 1045.84 1420.37 84 94 94 360.31 1863.04 761.17 2152.9 1968.82 (c) 6958.18	17048.2 1048.2 1048.2 1048.2 115.89 1075.50 1445.81 32378.0 3740.52 4156.78 1981.80 4525.2 366.63 1704.3 1300.98 1935.95 781.38 2220.5 2050.72 842.86 9113.98 4282.5	16 18261.87 25470.84 2055.0 2040.8 1054.9 1135.1 1054.9 1135.1 1054.9 1135.1 1054.9 1222.2 1451.62 1052.8 4059.9 1251.2 2162.8 4057.5 10578.2 1952.0 2055.8 2054.9 2271.1 194.5 1254.9 2271.1 1254.9 2271.1 1254.9 2271.1 1254.9 2271.1 1254.9 2271.1 1254.9 2271.1 1254.9 2271.1 1254.9 2271.1 1254.9 2271.1 1254.9 2271.1 1254.9 2271.1 1254.9 2271.1 1254.9 2271.1 1254.9 2271.1 1254.9 2271.1 1	Hapt 1994 La 167 1775590 167 1775590 1775590 1775 390480 1775 390480 1775 390480 1775 390480 1775 390480 1775 390481 1775 390481 1775 390481 1775 390481 1775 390481 1775 390481 1775 390481 1775 390481 1775 390481	March   Marc	CO 1970) Insulation (Insulation) Insulation (Insulatio	20 41.0 280.9 2072.70 953.44 2854.68 2612.8 555.23 2277.89 8623.09 8623.09 1354.2 6 1227.79 908.74 8038.41 1353.28 6 1353.28 6 1353.28	17 2310.50 421.8 257.8 2101.07 1024.92 2582.83 2723.5 556.57 2187.0 6730.3 818.54 307.79 1407.0 1280.51 535.69 6159.74 1370.53 20213.4 518.9 1350.34 1180.43 312.59 1350.34	16	581.17 8/2 581.50 31/1 581.40 31/1 581.40 32/2 581.51 4/1 581.50 4	1957.33 204 411.00 206 200.00 206 201.00 206	Dow Jee  Industrials  Hore Bond  Transport  United  Duty A high Standard  Francist  Industrial  Process  Amer. Mid. 11  MASSAG Co.  In RATTM  S. P. Inv.  S. P. Inv.  S. P. Inv.  S. P. Inv.  Mid. STAM  Sep Dec. Mid. Transport  Mid. Mid. Mid. Mid. Mid. Mid.  Mid. Mid. Mid. Mid. Mid. Mid. Mid.  Mid. Mid. Mid. Mid. Mid. Mid. Mid. Mid.	177.5. 165. 1652. 182. 182. 182. 182. 182. 182. 182. 18	18 18 18 18 18 18 18 18 18 18 18 18 18 1	15 Majo  16.11 MP1.36 (S1/1)  16.15 (S1/1)  16.15 (S1/1)  16.15 (S1/1)  16.15 (S1/1)  17.16 (S1/1)  17.16 (S1/1)  17.16 (S1/1)  17.16 (S1/1)  17.16 (S1/1)  18.14 (S1/1)  18.14 (S1/1)  18.14 (S1/1)  18.15 (S1/1)  18.16 (S1/1)  18.17 (S1/1)  18.18 (S1/1)  18.18 (S1/1)  18.19 (S1/1)	\$253.35 (M4) ( 15.53) (11.55.32 ( 15.53) ( 15.53) ( 15.53) ( 15.53) ( 15.53) ( 15.53) ( 15.53) ( 15.54	### Usu ### Usu #### Usu ####################################
Asymption Enterest (29/12/77) Australia AD Ordinaries(1/1/80) All Maing(1/1/80) All Maing(1/1/80) All Maing(1/1/80) All Maing(1/1/80) Anothin Condit Molen(20/1/81) Bouspa (28/12/80) Bouspa (28/12/80) Comado Maints Manto+(1875) Comado PCA Gon (31/12/80) Deversita (EX Goneral(28/12/80) PCA Addes(31/12/80) Floring FAZ Addes(31/12/80) Hong Seng (31/12/80) Hong Seng (31/12/80) Hong Seng (31/12/80) Hondan SSE Sans.(1978) Indonesia SSE Overallo-(1/18/82)	2024.4 1043.3 408.77 1045.54 1420.31 1420.31 1430.31 1682.0 1277.24 1803.04 761.11 2152.8 1968.82 (c) 6998.18 4332.9 475.73 1751.98 671.63 1094.0	170 19296.84 2951.2 1048.2 1075.50 1445.81 1927.80 1445.81 1927.80 4525.2 366.63 1704.3 1300.98 1935.95 1770.56 698.90 1128.0 1300.63 1300.65	16 16 16 16 16 16 16 16 16 16 16 16 16 1	167 1775530 167 1775530 167 1775530 1775530 1775 390480 1775 380480 1775 380480 1775 380480 1775 380480 1775 380480 1775 380487 1875 380487	March   State   March   Stat	TO 1978) Tennal	20 41.0 280.9 2072.70 953.44 2854.68 2812.8 555.23 2277.89 8623.09 942.50 300.60 7 1364.2 6 1227.79 968.41 9 1363.28 6 1355.7 7 1364.8 9 1464.8 9 156.9 1 156.	17 2310.50 421.8 257.8 2101.07 1024.92 2562.63 2723.5 256.67 2167.0 1250.51 2052.63 2172.79 1407.0 1250.51 2052.54 2150.53 1150.43 2150.53 1150.43 2150.52 215	16	581.17 8/2 581.50 31/1 581.40 31/1 581.40 32/2 581.51 4/1 581.50 4	1957-33 204 411.07 206 220.90 206 220.90 206 220.90 206 220.92 206 220.33 93 220.23 93 220.23 93 220.23 944 1749.00 14/2 5440.00 19/1 855.37 2/4 202.80 206 1227.76 206 1227.76 206 5190.53 19/3 1799.59 4/4 12960.70 24/3 551.50 4/4 12960.70 24/3 551.50 4/4	Dow Jees  Industrials  Home Bond  Transport  Umilier  Cult Ind. D. Day's high  Standard Industrials  Industri	### 1976  ### 1976  ### 1976  ### 1962  ### 19	18 18 18 18 18 18 18 18 18 18 18 18 18 1	15 Majo  16.11 MF1.36  16.11 MF1.36  16.15 V65.51  16.15 V65.51  16.15 V65.51  16.15 V65.51  16.16 V65.51  16.16 V65.51  16.17 V66.55  16.18 V66.55  16.18 V66.55  16.19 V	SSE3.35 (449) (15.48) (17.78)	### Use ### Use #### Use ####################################
Argundam General (29/12/77) Australia All Ordinaries(1/1/80) Australia All Ordinaries(1/1/80) Australia All Ordinaries(1/1/80) Australia Condit Adden(30/12/84) Tedded Index(27/91) Selgham BEL20 (1/1/91) Brazil Bossepa (28/12/83) Company Porticlas(5) (4/1/83) Company Porticlas(5) (4/1/83) Company Finance SSF 250 (31/12/80) Cruca (30/12/87) General(28/12/80) Areas SE(31/12/87) General(28/12/83) DAX (50/12/87) General(28/12/83) Areas SE(31/12/83) Areas SE(31/12/83) Index Corona (10/8/82) Iroland Index Corona (10/8/82) Iroland Index Corona (10/8/82) Iroland Index (20/11/84) Index (20/11/85)	2024.4 1043.3 408.77 1045.84 1420.37 1420.37 149 196 196 196 196 196 196 196 196 196 19	179296.84 2951.2 1048.2 415.89 1075.50 1445.81 32378.0 3740.52 4156.78 1951.80 4525.2 366.63 1704.3 1300.96 1955.95 781.33 2220.5 2250.72 842.86 9113.98 4282.5 1770.56 698.90 1128.0 11705.53 2458.80	16 16 16 16 16 16 16 16 16 16 16 16 16 1	1804   La     1807   17756.50     1807   17756.50     1807   1908.10     1807   1908.10     1807   1807.10     1808   1809.10     1809   1809.10	20/4 PC 6	To 1970) Tensit	20 41.0 280.9 2072.70 953.44 2854.68 2612.8 2612.8 2612.8 2623.0 301.60 1354.2 207.74 8038.41 1353.28 615.5	17 2310.50 421.8 257.8 2101.07 1024.92 2582.83 2723.5 556.57 2187.0 6730.3 818.54 307.79 1407.0 1280.61 935.69 6150.74 1370.53 2020.4 818.9 1350.94 1150.43 312.52 2571.74 258.95	156 3325.80 2 424.4 2 258.4 3 1031.85 12 2516.56 2 2516.56 3 2516.	581.17 8/2 581.50 31/1 581.40 31/1 581.40 31/1 581.50 4/1 581.50 15/2 581.50 51/1 581.50 13/1 581.50	1957.33 204 411.00 206 220.30 206 220.30 206 220.32 205 220.33 93 220.33 93 220.33 93 220.33 93 220.33 93 220.33 93 220.33 93 220.35 206 120.35 206 120.36	Bow Jee  belestrate  Home Bond  Transport  Umilier  Cut Ind. D. Day's high Standard  Composite:  Indestrate  Amer. Mid. In  BRATIN  Dow Jon  B. A.P. In  S. & P. I	177.5. 1652. 1852.	15 181 134 379 15 381 134 379 15 381 134 379 15 381 134 379 15 161 1651 165 163 15 164.95 16 16 1651 165 165 16 164.95 16 17 537.05 53 13 45.57 4 15 354.99 25 16 441.76 446 17 374.57 73 16 45.57 4 16 2.65 34m 11 2.45.27 16 2.65 34m 12 2.45.37 16 2.65 34m 12 2.45 34m	15 Majo  16.11 MF11.36  16.11 MF11.36  16.11 MF11.36  16.11 MF11.36  16.12 MF11.36  16.12 MF11.36  16.12 MF11.36  16.12 MF11.36  16.13 MF11.36  16.14 MF11.3	SSE3.35 (M4) (M3) (M4) (M3) (M4) (M4) (M4) (M4) (M4) (M4) (M4) (M4	### Upur ### Upur ### Upur ### ### Upur ### ### ### ### ### ### ### ### ### #
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| Herriting A | 55 | 172 | 61<sub>8</sub> | 8 | 81<sub>8</sub> | -7<sub>8</sub> | | |
| Herriting A | 0.54 | 8 | 138 | 22 | 21 | 1<sub>8</sub> | 21 | 1<sub>9</sub> |
| Herriting A | 0.54 | 8 | 138 | 22 | 21 | 1<sub>8</sub> | 21 | 1<sub>9</sub> |
| Herriting C | 0.16 | 25 | 1770 | 37 | 30<sup>3</sup>4 | 30<sup>3</sup>4 | -7<sub>8</sub> |
| Heathboar | 18 | 4575 | 18<sup>3</sup>4 | 17<sup>3</sup>4 | 17<sup>2</sup>8 | -1<sub>8</sub> |
| Heathboar | 18 | 4575 | 18<sup>3</sup>4 | 17<sup>3</sup>4 | 17<sup>2</sup>8 | -1<sub>8</sub> |
| Heathboar | 18 | 275 | 81<sub>8</sub> | 7<sup>3</sup>9 | 7<sup>2</sup>8 | -1<sub>8</sub> |
| Heathboar | 18 | 275 | 81<sub>8</sub> | 7<sup>3</sup>9 | 7<sup>2</sup>8 | -1<sub>8</sub> |
| Heathboar | 18 | 275 | 81<sub>8</sub> | 7<sup>3</sup>9 | 7<sup>2</sup>8 | -1<sub>8</sub> |
| Heathboar | 18 | 275 | 81<sub>8</sub> | 7<sup>3</sup>9 | 7<sup>2</sup>8 | -1<sub>8</sub> |
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| Hon mits | 0.44 | 27 | 118 | 20<sup>3</sup>12 | 20<sup>3</sup>4 | 21<sup>3</sup>2 |
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3.45 pm June 30

# for Dow as dollar declines

#### **Wall Street**

US stocks suffered their second big setback in a row yesterday morning as a falling dollar excited fresh concerns over the direction of monetary policy, writes Frank McGurty in New

By 1 pm, the Dow Jones Industrial Average was down 30.13 at 3,746.65, and the more broadly based Standard & Poor'e 500 was 3.15 lower at

The secondary markets also registered solid losses, with the Nasdaq composite down 1.19 per cent, or 8.70 points, at 720.65. The American SE composite, off 4.14 at 436.12, beld up only a little better.

Activity on the NYSE returned to a more sedate pace after e frenzied "triple witching" session on Friday. By early yesterday afternoon, volume was 137m shares.

The continued weakness of the dollar sent a shiver though the US financial markets. destroying any hopes that stocks would rally on the heels of Friday's 34-point plunge. The market often recovers strongly on the Monday after e triple-witching rout, as the quarterly expiration of options and futures tends to exaggerate any underlying trend.

Yesterday, however, bargain hunters were thin on the ground. Stocks were in retreat from the opening bell amid fears that the Federal Reserve may have no choice but to raise interest rates as early as next month to support the

slumping dollar. The potential impact of such a move on the economy undermined any inclination by the stock market to rally. Bonds were no help either, though the Treasury market was buttressed by a softer tone in com-

were leading share prices in a lower at 32,201 by noon.

determined march lower. Deere, a farm-equipment manufacturer, dropped \$1% to \$73% and Eaton, a supplier of motor

producer, shed \$1 to \$8%, while Bethlehem Steel fell \$1 to \$20%. In other Dow industrial issues, Sears dropped \$1% to \$47%. However, Philip Morris added \$1/4 to \$50% following chairman, Mr Michael Miles. He was believed to be an advocate of a proposal to split the food and tobacco businesses

vehicle components, lost \$1% to

\$52%. Reynolds, the aluminium

into separate companies. US Healthcare jumped \$1% to \$42% on speculation that Johnson & Johnson was considering a takeover bid for the company, e pioneer in the field of health maintenance organisations. J&J edged \$% lower to \$43%.

Meanwhile, the Nasdaq gave up more ground as the technology sector stumbled again and financial issues weakened. Cirrus Logic was marked down \$2% to \$28%, while Atmel receded \$1% to \$24%.

Toronto fell at midday as the Canadian bond market and dollar declined and the TSE 300 Composite index was 56.75 lower at 4,100.03, in volume of 23.3m chares. Declines outweighed advances by 529 to 116, with 232 issues unchanged.

All 14 sub-groups were down at noon, led by precious metals, financial services, industrial products, metals and oils. Inco was off C\$\% to C\$35 and Imperial Oil lost C\$% to C\$41%. while Placer Dome dropped C\$% to C\$31%.

São Paulo slipped in nervous trading in the aftermath of the morning's options settlement. Amid these cross-currents, and the Bovespa index of the economically sensitive stocks and the Bovespa index of the 56 most traded stocks was 202

1 % change 1 % change

## MARKETS IN PERSPECTIVE

	% (	hange in loc	d turroney t		Applicated &	h us s †
	1 Week	4 Weeks	1 Year	Spart of 1994	Start of 1994	Start of 1994
Austria	-0.04	+0.96	+23.95	-6.68	-3.71	-1.10
Belgium	-1.72	-6.44	+13.48	-4.81	-0.10	+2.54
Donmark	-1.41	-1.37	+18.80	-3.06	+0.40	+3.12
Fintend	+0.38	-8.04	+52.73	+6.90	+10.84	+13.63
France	-4.21	-9.71	+5.93	-13.35	-10.41	-7.99
Germany	-3.49	-8.39	+18.24	-10.09	-6.74	-4.21
Ireland	-1.44	-2.34	+14.23	-5.36	-2.45	+0.19
Italy	-8.14	-10.43	+31.32	+12.30	+16.78	+19.93
Netherlands	-2.48	-3.62	+16.70	-6.15	-2.95	-0.33
Norwey	-2.39	-10.56	+19.52	-4.35	-1.06	+1.62
Spain	-5.61	-8.16	+13.31	-6.95	-4.06	-1.46
Sweden	-2.75	-6.88	+26.80	+0.21	+3.91	+6.62
Switzerland	-4.27	-3.65	+15.00	-9.14	-4.14	-1.54
UK	-1.31	-3.75	+5.48	-11.08	-11.08	-6.88
EUROPE	-2.97	5.98	+11.87	-8.67	-6.49	3.96
Australia	-1.02	-2.78	+17.66	-4.84	+0.26	+2.97
Hong Kong	-0.63	-5.95	+26.74	-24.10	-26.10	-24.20
Japan	+0.12	+3.53	+8.09	+17.45	+23.32	+26.65
Malaysia	+3.93	+2.62	+48.07	-20.28	-19.39	-17.21
New Zeeland	-1.10	-0.73	+29.40	-3.44	-0.51	+2.18
Singapore	-0.32	-3.90	+29.20	-11.81	- <del>9</del> .91	-7.47
Canada	-1.09	-2.87	+7.07	-2.27	-9.31	-6.86
USA	<b>-0.</b> 07	+0.80	+2.05	-1.58	-4.17	-1.58
Mexico	-3.32	-1.93	+46.38	<del>-9.7</del> 1	-18.89	-16.70
South Africa	+3.00	+6.19	+48.34	+18.24	+3.78	+6.56
WORLD INDEX	-0.74	-0.38	+7.93	+0.69	+1,41	+4.15

"The fundamentals tell us that Italy is expensive and not priced to allow for risks of any kind." Mr Robin Griffiths, a senior technical analyst at James Capel in London, a senior technical analyst at James Capel in London, wrote this last week – just as the new Italian government was studying ways to respond to a constitutional court ruling on pensions that could cost the government up to L30,000bn. The Milan stock market, doubly concerned about the outlook for interest rates and inflation, led a sick Europe down last week with a drop of 8.1 per cent. Cash calls during the current account are stimated at more than L10,000bn, and there were rumours earlier in the week that domestic stockbrokers were selling equities to cover the cost of losses in the bond markets.

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FT-ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS

Figures in pa

France (97)

Italy (60).

Hong Kong (56) Iroland (14).....

Norway (23) Singapore (44) ... South Africa (59)

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Europe Et. UK (515

## Fresh setback Fearful bourses shaken by roller-coaster ride

roller-coaster ride, led down initially by a near percentage point drop in US bonds after Continental market hours last Friday, writes Our Markets

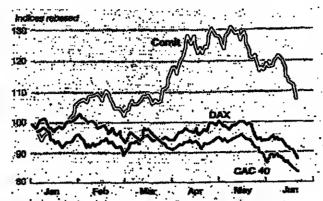
The gloom thickened on weekend comments suggesting that UK interest rates would soon be on the way up, said Mr John Blackley at James Capel in London. Bond markets around the Continent took fright, fell on heavy selling, and equities followed suit.

In the European afternoon, US Treasuries fell, firmed, and fell back again on profit-taking. Germany'e September bund future followed this pattern, said Mr Blackley, falling 110 basis points, and recovering to only 36 points down; but it lost ground again, showing a drop of 68 at 90.37 late in the day. FRANKFURT's technical

analysts offered a dismal pros-

pect after the Dax index fell 81.90, or 4 per cent, to 1,969.82 during the session. If support did not hold at 1,950, said one, 1,750 was the next stop.
As it happened, bonds then ged their intraday recovery

and the Ibis-indicated Dax recovered to 1.986.42 after an intraday low of 1,953.15. How-



DM25.6bm inflated by last Friday's DTB contracts closures, were saying that the index to DM8.9bn. might test 1.950 again today.

Hopes of German economic recovery had been tarnished by a succession of corporate disasters, said observers, in Metallgesellschaft, Schneider and, most recently, Procedo. Banks weakened with Deut-sche down DM38.50, or 5.3 per cent to DM693.50 and Dresdner DM26, or 6.9 per cent lower at DM350. Meanwhile, the drop in the dollar below DM1.60 hit Lufthansa, DM13, or 7.4 per

wake of weekend comments by Mr Lamberto Dini, the treasury minister, who said that the government had not yet discussed the issue of incentives for the motor market. cent lower at DM163. tiobanca lost L748 or 4.9

chant bank has yet to set e definite price for its rights issue later this week although it had indicated at least 1.15,000 PARIS fell sharply, but

ended off its lows on short covering, the CAC-40 index falling 32.91, or 1.7 per cent to 2,903.04 after a drop of over three per cent at worst.

Turnover was heevy at FFr5.7bn. Traders said that much of the selling came from French retail investors who had euffered losses on bond holdings held in savings plans.

Transnational partnerships were shaky. Euro Disney hit-ting FFr14 before recovering to go ex rights and 70 centimes higher at FFr16.25. Eurotunnel's rights issue, meanwhile, seemed to be running into more serious trouble as the shares closed another 45 centimes down at FFr25.20. after a low of FFr23.85.

ZURICH was dragged down by interest rate worries, the weak dollar and derivatives related selling. The SMI index fell 82.6 or 3.1 per cent to 2,545.0, after picking itself up from an intra-day low for the

year of 2.512.8. However, analysts com-

FT-SE Actuaries Share Indices 18.36 11.00 12.06 13.00 14.00 15.00 Gene FT-SE Emphasis 100 1326-50 1322-76 1314-70 1301.81 1298.81 1300.35 1304.58 1306.45 FT-SE Emphasis 200 1357.54 1362-57 1360.11 1345.46 1343.18 1343.18 1346.51 1366.66 Jun 16 Jun 17 1355.76 1393.07 1350.34 1369.87 Ser. 100 · 1326.50; 200 · 1367.54 Low

mented that since the index had now convincingly fallen through support at around 2,565, the way could be open for a further decline to around

the 2,400-point level. The interest rate outlook continued to hit banks. CS Holding bearers fell SFr22 to SFr511. SBC lost SFr16 to SFr363 after

Credit Suisse downgraded its 1994 earnings estimate following reports that SBC had lost SFr100m in a currency deal. AMSTERDAM fell 2.5 per cent to its low for the year, the AEX index losing 9.78 to 382.84. Cyclical stocks were among the hardest hit with Nedlloyd, the shipping line, F13 or 4.5 per cent lower at F164 and KLM F1220 or 4.4 per cent

down at F147.30. Shares and options in KPN, the partially privatised tele-

communications and postal group, were beevy sold by retail investors. The shares lost Fi 1.60 to FI 47.70. MADRID recovered from a

french govern

considers sell

part of Renaul

3.8 per cent drop to end with the general index down 5.19, or 1.7 per cent at 302.60 after a low of 296.01. Turnover continned to climb, at Pta53.2bn. The food and construction sectors seemed to sustain most damage; Tabacalera, after disap-pointing results recently, fail another Ptal65 to Pta3.475 for a six-day fall of nearly 15 per

WARSAW dropped 5.9 per cent as hopes of e recovery, which grew after the previous session, gave way to a renewed lack of confidence. The WIG index fell 492.7 to 7,898.8.

Written and edited by Willem

## Futures-linked sales leave Nikkei down 1.6 per cent

#### Tokyo

Weaker bond prices and a higher yen depressed investor confidence, and share prices fell sharply on technical selling, writes Emiko Terazono in

The Nikkei 225 average declined by 351.27, or 1.6 per cent, to 21,152.03 on futureslinked selling. The index opened at the day's high of 21,515.60 and fell to a low of 21,125.63 in the late afternoon, Bond prices declined on con-

tinued expectations of an economic recovery, while fears that the Bank of Japan had failed to inject enough funds into the money market exacerbated the fall, raising worries of higher interest rates among stock market participants. Meanwhile, the strength of the which rose back to the Y102 range against the dollar, depressed export-related

Selling of Nikkei futures by foreign investors triggered liquidation of arbitrage holdings Traders said dealers, who had accumulated positions in the futures market last week on hopes of increased participation by domestic institutions, followed suit. Although individual investors and some domestic institutions sought bargain prices, many investors remained nervous of the large arbitrage overhang.

Volume totalled 410m shares, against 518m. The Topix index of all first section stocks ehed 21.06 to 1,684.47, while the Nikkei 300 fell 3.99 to 305.64. Declines led rises by 841 to 215, with 131 issues unchanged. In London the ISE/Nikkei 50 index dipped 14.75 to 1,363.50. Export-oriented, high-tech-nology shares lost ground on the higher yen. Hitachi slipped Y30 to Y1,060, NEC Y30 to

Y1,270 and Sony Y60 to Y6,280.

171.48 182.72 167.61

125.95 253.48 136.52 162.23

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483.71 1969.29 199.80 69.04 183.21 340.69 283.10 136.66 211.21 159.59 187.76

2.66 1.33 0.89 3.19 1.82 3.47 1.63 0.71 1.86 1.06 3.43 3.84 1.75 2.13 4.12 1.85 1.81

8.10 1.48 1.03 1.87 2.88 2.49 2.87 1.86 2.04 2.23 2.91

The World Index (2172) ....... 174.14 -0.2 169.91 113.92 147.56 150.69 -0.2 2.23 174.55 170.26 114.02 148.09 151.21 178.97 155.17 159.66

Jointly compiled by The Financial Times Ltd., Goldman, Sactis & Co. and NatWest Securities Ltd. in continuation with the Institute of Actuaries and the Faculty of Actuaries

Johannesburg awaits budget

Stocks in Johannesburg fell sharply, in line with other markets,

and ahead of the new government's first national budget tomor row. The firmer financial rand also depressed equity prices. Gold's inability to hold a \$392 an ounce high and its subs

quent dip below \$390 took the steam out of the golds sector, although shares still managed to end higher on the day. The

overall index fell 73 to 5,712 and industrials lost 109 at 6,621.

Golds gained 30 at 2,227 after touching 2,273. Anglos came under pressure, shedding R8.50 to R234. De Beers fell R3.25 to R112.75.

| 167.24 | 112.00 | 145.47 | 155.98 | 189.15 | 130.19 | 167.24 | 112.00 | 145.47 | 155.98 | 189.15 | 130.19 | 179.23 | 119.36 | 155.02 | 154.82 | 195.41 | 142.90 | 163.48 | 109.48 | 142.20 | 138.83 | 178.67 | 142.02 | 122.25 | 82.27 | 108.86 | 127.06 | 145.31 | 121.46 | 247.24 | 165.57 | 215.06 | 220.52 | 276.79 | 207.58 | 133.16 | 89.17 | 115.83 | 157.20 | 158.72 | 85.54 | 158.24 | 105.97 | 137.64 | 141.71 | 185.37 | 149.90 | 130.93 | 67.68 | 113.88 | 113.88 | 147.07 | 107.59 | 359.65 | 240.67 | 312.85 | 366.03 | 506.56 | 271.42 | 180.75 | 121.04 | 157.22 | 175.28 | 209.33 | 156.93 | 160.41 | 107.42 | 139.53 | 107.42 | 166.34 | 124.54 | 471.81 | 315.96 | 410.39 | 484.27 | 621.63 | 312.51 | 194.89 | 130.51 | 169.52 | 166.76 | 207.43 | 164.22 | 178.70 | 119.67 | 155.44 | 178.37 | 206.42 | 150.61 | 332.31 | 222.54 | 289.05 | 240.79 | 378.92 | 242.48 | 276.14 | 184.82 | 240.19 | 294.85 | 294.89 | 175.99 | 155.24 | 90.57 | 178.74 | 175.37 | 206.42 | 150.61 | 332.31 | 222.54 | 289.05 | 240.79 | 378.92 | 242.48 | 276.19 | 137.96 | 178.19 | 245.91 | 231.35 | 163.85 | 163.14 | 214.96 | 170.92 | 163.70 | 123.02 | 169.79 | 168.34 | 196.04 | 178.95 | 159.38 | 106.73 | 139.63 | 163.14 | 214.96 | 170.92 | 159.38 | 106.73 | 139.63 | 163.14 | 214.96 | 170.92 | 159.38 | 106.73 | 139.63 | 163.34 | 196.04 | 178.95 | 159.38 | 106.73 | 139.63 | 163.34 | 196.04 | 178.95 | 159.38 | 106.73 | 139.63 | 163.32 | 178.58 | 141.58 | 159.38 | 106.73 | 139.63 | 163.34 | 196.04 | 178.95 | 159.38 | 106.73 | 139.63 | 163.32 | 178.58 | 141.58 | 159.38 | 106.73 | 139.63 | 163.32 | 178.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58 | 141.58

163.40 150.38 106.73 138.63 161.32 178.58 201.73 169.79 151.77 171.14 202.85 220.60 171.83 167.70 112.31 145.87 116.52 173.75 168.22 164.08 108.88 142.72 131.08 170.78 184.47 179.93 120.50 156.51 184.15 192.73 146.68 143.07 98.81 124.44 132.09 157.47 266.85 240.77 161.24 208.43 222.13 296.21 169.22 165.06 110.54 143.57 134.35 172.51 173.26 168.99 113.17 146.99 147.82 175.58 173.88 189.60 113.58 147.82 150.14 178.56 182.18 177.70 119.00 154.56 175.99 195.20

Oki Electric, e recent favourite among retail investors, was the most actively traded, declining Y7 to Y202

Rising commodity prices helped mining and oil related stocks. Mitsubishi Oil advanced Y25 to Y1,000 and Sumitomo Metal Mining Y26 to Y998. However, Dowa Mining lost Y7 at Y620 on profit-tak-ing, and Showa Shell Sekiyu, the oil refiner, receded Y40 to Y1,480 on index-linked selling. Banks declined on arbitrage

selling, Industrial Bank of Japan by Y50 to Y3,200 and Mitsubishi Bank Y30 to Y2,680. Nippon Shoji, a pharmaceutical wholesaler, fell Y80 to Y1,576 on allegations of insider

trading among its employees. Speculative buying supported Nippon Zeon, which rose Y20 to Y595, Hanwa, the steel trader, up Y7 to Y642, and Sanrio, Y30 higher at Y2,090

In Osaka, the OSE average retreated 222.23 to 23,560.91 in volume of 82.2m shares.

## Roundup

Much of the region was under pressure, while Karachi was closed for e two-day religious

HONG KONG was concerned about the weakness of the US dollar, and the Hang Seng index, which fell more than 150 points at one stage, finished 115.78, or 1.3 per cent, lower at 8,998.18. Turnover was a

thin HK\$2.2bn. Property issues weakened on profit-taking and in further response to government measures to cool rocketing prices HSBC Holdings dipped HK\$2 to HK\$85 and Cheung Kong HK\$1

SYDNEY was unnerved by inflation worries and the All Ordinaries index closed 26.8 down at 2,024.4, its lowest NAB fell 26 cents to a 10

month low of A\$10.68, while ANZ ended down 15 cents et A\$3.91. CBA lost 12 cents et A\$7.51, its lowest close since March 1993, and Westpac fell to a seven-month low of A\$4.34,

MILAN saw heavy selling

ease late in the day but the Comit index still finished 27.27

or 3.9 per cent lower at 671.63,

sharply below the 690 support

Among the blue chip losers,

Fiat fell L218 to L6,038, in the

BANGKOK was concerned about rifts within the ruling coalition that could lead the Palang Dharma party to pull out of the coalition. The SET index fell 17.25, or 1.3 per cent, to 1,353,28 in turnover of Bt6.2hn, after Friday's Bt14bn.

KUALA LUMPUR staged a sharp reversal to early gains in the afternoon to close lower as investors took profits. The composite index finished 258 down at 1,035.46 after a day's high of 1,041.93.

Construction and Supplies House, which resumed trading after signing a M\$2.59bn timber deal, led ectivity with 22m

shares traded. The stock rose to a high of M\$11.20 before closing at M\$9.60, against its pre-suspension price of M\$7.95.

TAIPEI saw profit-taking in the heavily weighted financial sector, which led last week's rally. The weighted index retreated 121.33, or 2 per cent, to 6,038.41 in turnover that contracted to T\$57.7bn from Friday's T\$68,66bn. Among the hardest hit finan-

cials, China Trust dropped T\$4.5, or 6.3 per cent, to T\$67.5. MANILA fell 1 per cent as investors waited for new issues to be listed and sentiment was dampened by PLDT's fall overseas. The composite index receded 28.15 to 2,854.68 as PLDT lost 40 pesos at 1,695

SINGAPORE turned volatile on rumours that Malaysian Prime Minister Mahathir eral election this year.

A report quoting Mr Mahathir as advising investors to avoid speculation on stock market rumours and the also dampened business, and the Straits Times Industrial index closed 21.73 lower at 2,284.50. WELLINGTON lost 1.5 per

cent in response to weaker world bond and equity mar-kets, particularly in the US and Australia. The NZSE-40 capital index slipped 30.63 to 2,072.70 in typically thin Mon-day turnover of NZ\$32.8m.

SHANGHAT'S A share index fell 5.1 per cent after 200m Shanghai Petrochemical shares made their debut in an already weak market, crushing investor confidence. The index shed 27.23 to 508.61 in turnover of Ynl.1bn.

per cent to Yn1.91 in volume of ... 2.3m shares.

SEOUL continued to rally in active trade as hopes about the possibility of summit talks between South and North Korea spurred buying interest. ahead 16.31 to 942.50 in

response to reports that South Korean President Kim Young sam had accepted a proposal by his Northern counterpart Kim ll-sung for a first-ever

Trading was active, with a total of 49.8m shares changing hands, compared with the daily average of about 31m for the past week.

BOMBAY was buoyed by the better than expected performance of the corporate sector and shares finished at a 26month peak. The BSE 30-share Petrochemical declined 5.5 index climbed 50.4 to 4.332.9.

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## Capital Markets

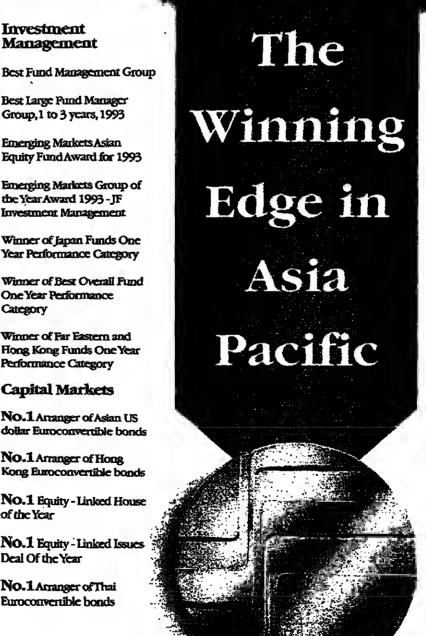
No.1 Arranger of Asian US dollar Euroconvertible bonds

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Deal Of the Year



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Transactions

(Sources: Asiamoney, South China Morning Post, Greenwich Survey, Micropal, Offsbore

Financial Review, Investment International, World Equity institutional investor)

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